

Section 365 of the Energy Policy Act of 2005
Pilot Project to Improve
Federal Permit Coordination

Bureau of Land Management
Year Two Report



February 2008



VOLUME 1: YEAR TWO REPORT

BLM Mission

To sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

Section 365 of the Energy Policy Act of 2005

Year Two Report

for the

Pilot Project to Improve Federal Permit Coordination

VOLUME 1: YEAR TWO REPORT

February 2008

Prepared for:

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BUREAU OF LAND MANAGEMENT
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Participating Agencies

Federal Agencies

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

United States Fish and Wildlife Service

Bureau of Reclamation

Bureau of Indian Affairs

Minerals Management Service

DEPARTMENT OF AGRICULTURE

United States Forest Service

UNITED STATES ARMY

United States Army Corps of Engineers

ENVIRONMENTAL PROTECTION AGENCY

State Agencies

STATE OF MONTANA

Montana Fish Wildlife and Parks

Montana Department of Environmental Quality

Montana State Historic Preservation Office

STATE OF NEW MEXICO

New Mexico Department of Game and Fish

New Mexico Oil Conservation Division

New Mexico State University

STATE OF UTAH

Utah Department of Wildlife Resources

STATE OF WYOMING

Wyoming Game and Fish Department

Wyoming Department of Environmental Quality

EXECUTIVE SUMMARY ¹

The Bureau of Land Management (BLM) has completed the second year of implementing Section 365 of the Energy Policy Act of 2005, the “Pilot Project to Improve Federal Permit Coordination”. During the Pilot’s first two years, the program has established achievements for two key objectives:

1. The BLM has improved reliability in providing industry the permits needed to develop new energy resources for the nation, and
2. The pilot offices have made significant progress on improving environmental stewardship and mitigating resource impacts resulting from energy development.

The BLM Director and other BLM Washington Office officials continue to conduct visits to the pilot offices to ensure pilot project success.

Pilot Project Background

Section 365 establishes a pilot project with the intent to improve the efficiency of processing oil and gas use authorizations and environmental stewardship on federal lands. The project establishes pilot offices in seven BLM field offices: Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico. The location of the seven pilot offices is shown on the following page.

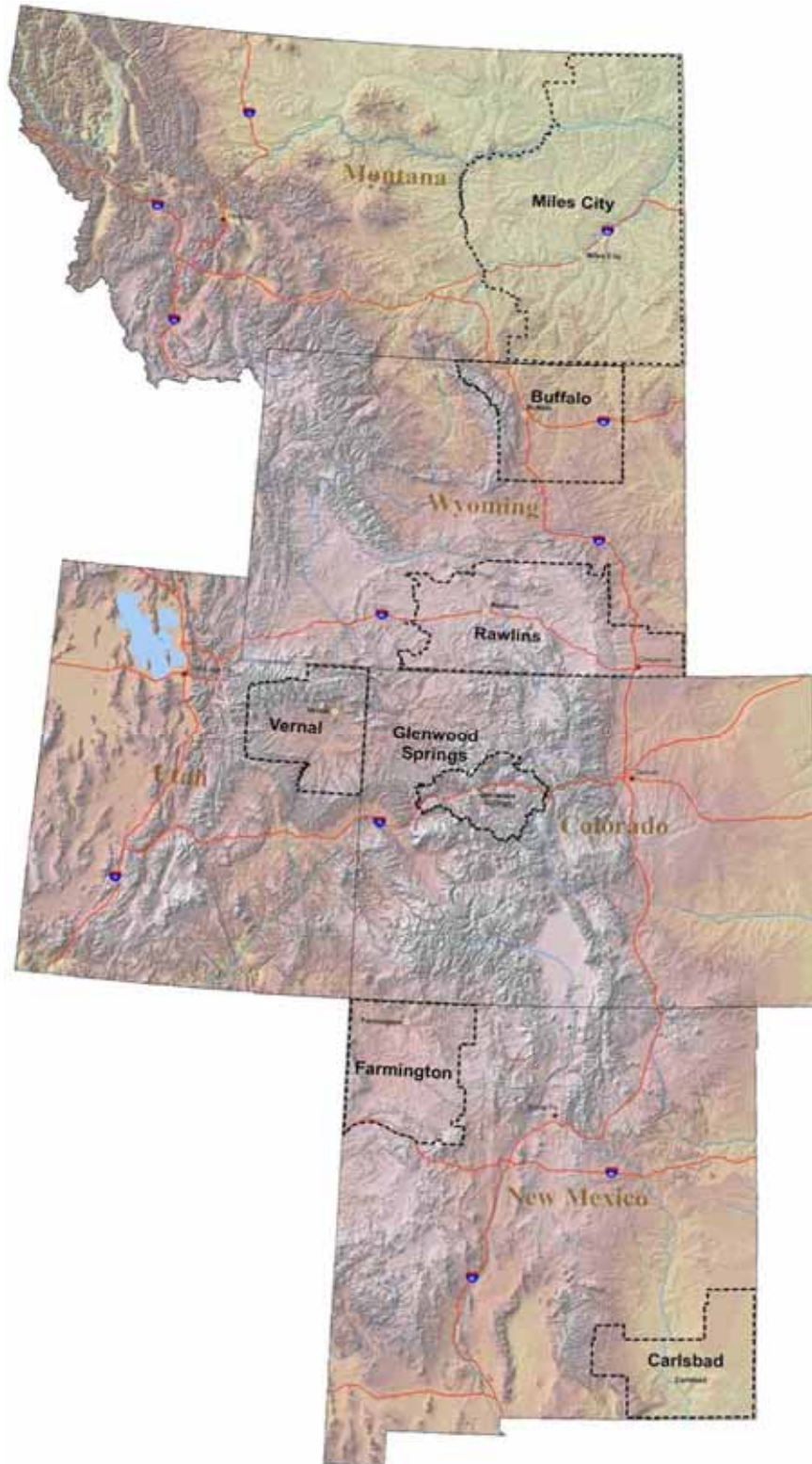
Section 365 also established the Permit Processing Improvement Fund, an account of approximately \$23 million annually (funded from half the income derived from federal onshore oil and gas lease rental payments) used to fund the pilot project.

The business processes and procedures used by the BLM oil and gas program are outlined in the Year Two Report - Volume II: Appendices. These processes include the overall oil and gas use authorization process; the APD process; the NEPA process, including the use of categorical exclusions (CX); the inspection and enforcement (I&E) program being conducted; and land use planning processes.

This report outlines the progress that has been made during the first two years following enactment. As required in the Act, following the third year of implementation the BLM will prepare a report to Congress that outlines the results of the pilot project and will make a recommendation to the President regarding expanding the program across the U.S.

¹ This Executive Summary has been excerpted from Volume I of the Year Two Report. The reader is referred to Volume I: Year Two Report and Volume II: Appendices for additional information in support of this Executive Summary.

Location of the Section 365 Pilot Offices



Dashed lines indicate Field Office boundary

Overview of Accomplishments

One of the first requirements of Section 365 directed the Secretary of the Interior to enter into a memorandum of understanding (MOU) with the United States Department of Agriculture (USDA), the Environmental Protection Agency (EPA), and the Department of the Army (DOA) with the intent to improve the efficiency of oil and gas use authorizations on public land through a federal permit streamlining pilot project. The MOU, signed Oct. 24, 2005 provides principles and goals for the partner agencies and establishes the roles, responsibilities, and authorities for each agency that will participate in the project. The agencies within the Department of the Interior (DOI) are the BLM, U.S. Fish and Wildlife Service (USFWS), Bureau of Indian Affairs (BIA), Minerals Management Service (MMS), and Bureau of Reclamation (BOR). Also included are the Army Corps of Engineers (USACE) in the DOA, U.S. Forest Service (USFS) in the USDA, and the EPA.

The participating agencies and parties agreed to several key principles for implementing this Act:

- Focus on interagency coordination and cooperation in the processing of permits required to support oil and gas development on federal lands.
- Enhance coordination with state agencies with expertise and responsibilities related to oil and gas use authorizations.
- Improve understanding of respective agency roles and responsibilities through enhanced information sharing and use.
- Eliminate duplication between federal and state agencies to streamline and increase interagency efficiency.
- Enhance permitting consistency among BLM field offices, and greater certainty in processing time requirements which are essential for improved customer service.
- All permitting actions in the pilot offices are expected to promote responsible stewardship of federal subsurface and surface resources.
- Maintain or enhance high standards of safety and environmental protection through an effective oil and gas inspection and enforcement (I&E) program for operations on federal lands.
- Establish a reliable response to demands for oil and gas production on federal lands to support the nation's increased need for energy resources.

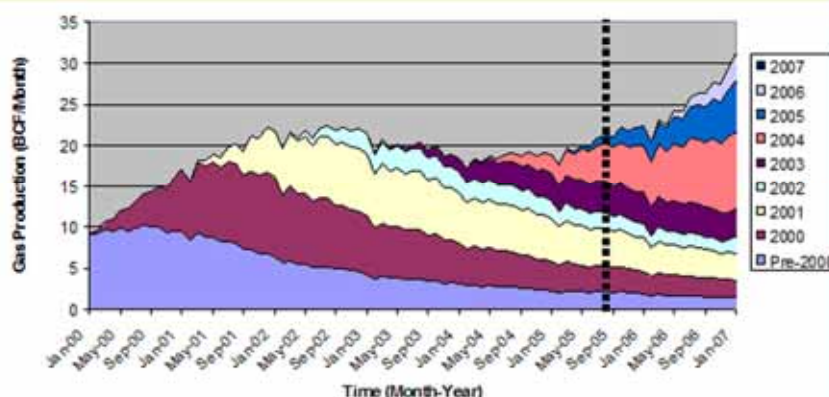
All pilot offices have developed close working relationships with the state oil and gas commissions and other state agencies, including state DEQs and game and fish agencies.

SHOWCASE

Yearly Incremental Natural Gas Production for the Buffalo Pilot Office

After the start of the pilot (black, dashed line), increased natural gas production is shown through yearly increments.

Well production performance for all wells coming online within a designated calendar year are shown as individual colors.



Funding Distribution to Federal Partners

Under the provisions of Section 365 of the Energy Policy Act, the MMS, Minerals Revenue Management Division, has distributed resources from the Permit Processing Improvement Fund. Based on anticipated resource requirements, the participating federal departments and agencies were allocated fiscal year (FY)06 and FY07 Section 365 budget amounts as shown in the table below.

Distribution of Section 365 Funding by Participating Agency

| Department/Agency | FY06 Budget | FY07 Budget | Percent Increase or Decrease |
|--|---------------------|--------------------------|------------------------------|
| U.S. Department of the Interior | | | |
| Bureau of Land Management | \$16,000,000 | \$19,490,000 | 21.8% |
| Fish and Wildlife Service | \$2,135,000 | \$1,440,000 ¹ | -32.6% ¹ |
| Bureau of Reclamation | \$725,000 | \$725,000 | 0.0% |
| Bureau of Indian Affairs | \$100,000 | \$100,000 | 0.0% |
| Minerals Management Service | \$0 | \$0 | 0.0% |
| U.S. Department of Agriculture | | | |
| Forest Service | \$885,000 | \$1,172,000 | 32.4% |
| U.S. Department of the Army | | | |
| Army Corps of Engineers | \$455,000 | \$455,000 | 0.0% |
| Environmental Protection Agency | \$0 | \$0 | 0.0% |
| TOTAL | \$20,300,000 | \$23,382,000 | 15.2% |

¹Denotes that the USFWS decreased their FY07 funding request due to the availability of carryover funds from FY06.

Pilot Office Staffing

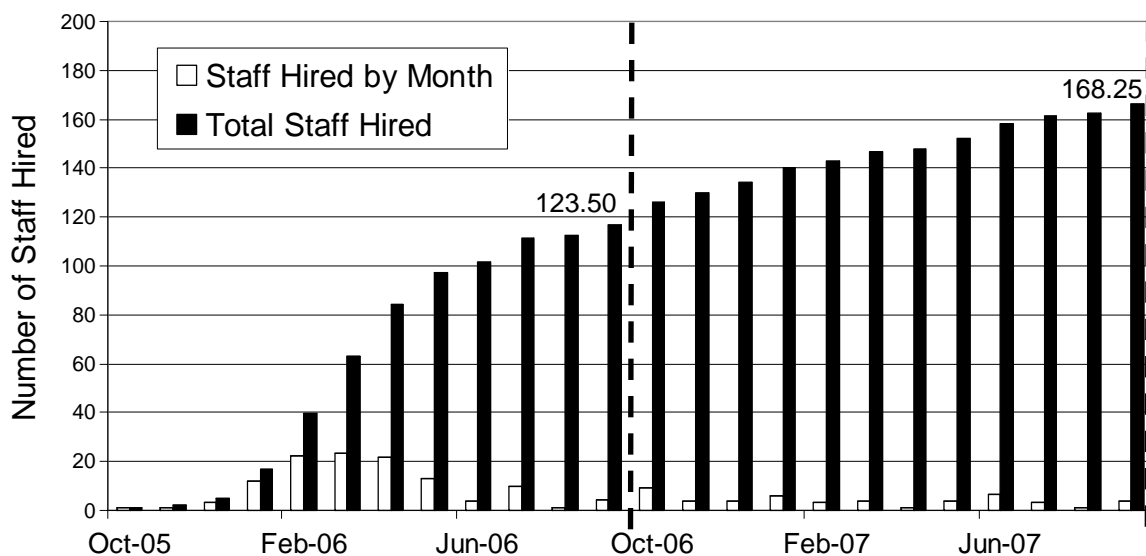
Through the Permit Processing Improvement Fund, by the end of FY06, 123.5 full-time equivalent (FTE) positions for federal and state agencies had been hired out of the 159.5 positions identified as being needed to staff the pilot project. The majority of the positions hired included natural resource specialists (NRS), petroleum engineering technicians (PET), petroleum accounting technicians (PAT), and biologists.

In FY07, it was determined that 47.75 additional positions would be required to meet the needs of streamlining the oil and gas permitting process, totaling 207.25 positions. By the end of FY07, 168.25 FTE positions for federal and state agencies had been hired (81.2 percent of the total identified positions). The majority of the additional positions hired in FY07 included environmental protection, surface management and reclamation specialists, PETs, PATs, realty specialists, and biologists.

BLM used Bureau-wide position recruiting for NRSs and PETs where the pilot offices established Bureau-wide position selection boards to review nationwide list of applicants and decide how best to use the candidates among the pilot offices.

Overall, approximately three quarters of the pilot office FTEs were established during FY06 and one quarter of the positions established during FY07.

Pilot Project Staffing Trend for FY06 and FY07



Notes:

FY06 Total Federal and State Allocated Pilot Positions = 159.5

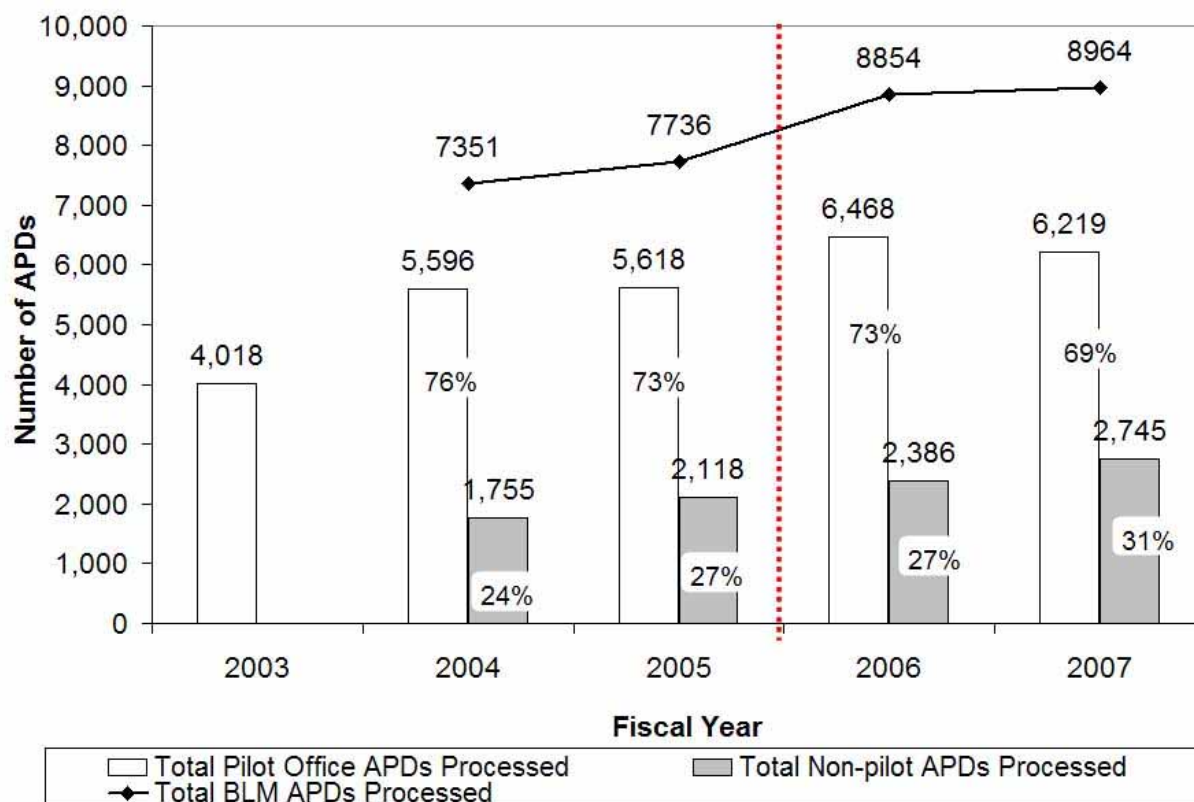
FY07 Total Federal and State Allocated Pilot Positions = 207.25

The vertical dashed line on this figure indicates time spans for FY06 and FY07 respectively

Processing Permits

The figure below illustrates the number of APDs processed for all BLM field offices and those processed by the seven pilot offices. From FY04 to FY06, the pilot offices processed approximately 73 to 76 percent of all BLM APDs. For FY07, the percentage was 69 percent.

Total APDs Processed for Pilot and Nonpilot Offices



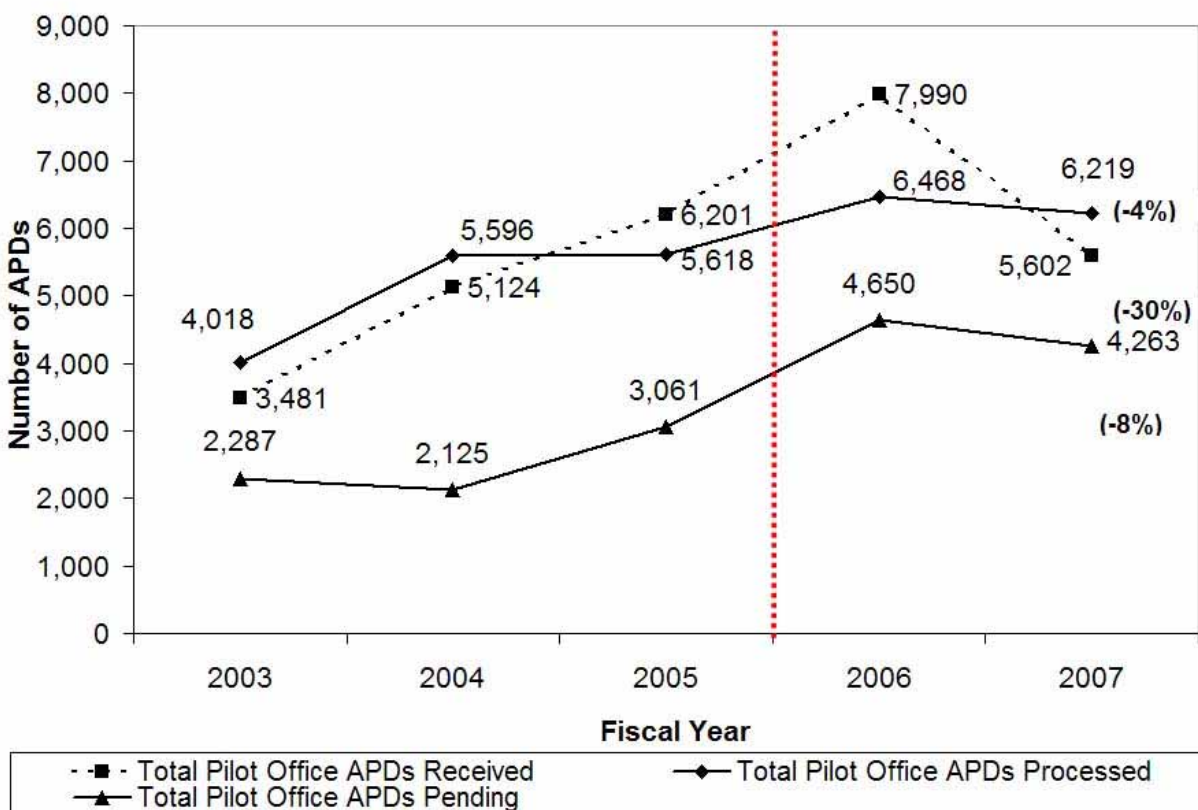
Note:

1. Source – BLM's Automated Fluid Minerals Support System (AFMSS)
2. Percentages indicate pilot/nonpilot proportions as a percentage of total APDs
3. The vertical dashed line indicates the enactment of the Section 365 Pilot.

As shown in the figure below, during FY06 the seven pilot offices received 7,990 federal APDs in FY06 compared to 6,201 in FY05 for a 29 percent increase in one year. The pilot offices processed 6,468 federal APDs in FY06 compared to 5,618 in FY05 for a 15 percent increase in one year.

During FY07, the seven pilot offices received 5,602 and processed 6,219 applications for permit to drill (APD). This is a 30-percent decrease in APDs received from the oil and gas industry (Industry) during FY06. The percentage of APDs processed during FY07 dropped by four percent, while the number of pending APDs dropped by eight percent. This indicates that the pilot offices have reduced the volume of pending APDs during the past year.

Total BLM Pilot Office APDs Received, Processed, and Pending



Note:

Source – BLM's Automated Fluid Minerals Support System (AFMSS)

Percentage Change in APDs Received, Processed, and Pending from FY06 to FY07 is indicated in the bold parentheses

The vertical dashed line indicates the enactment of the Section 365 Pilot.

While there was a 30 percent overall decrease in FY07 APDs received from the Industry, five of the pilot offices (Miles City [down 81 percent], Buffalo [down 37 percent], Vernal [down 21 percent], Farmington [down 33 percent] and Carlsbad [down 24 percent]) experienced decreases while two pilot offices (Glenwood Springs [up 13 percent] and Rawlins [up 27 percent]) had increased APD submissions. These decreases or increases were the result of a number of oil and gas basin-specific factors including:

- Lack of readily available pipeline transportation capacity for new production
- Lower oil and gas commodity prices during FY07 which have since rebounded in FY08

- Delays in Industry capital expenditures resulting from ongoing company mergers and acquisitions
- Short- and long-term availability constraints for well drilling and service industry equipment
- An available balance of FY06 approved APDs from which wells are now being drilled
- Protracted land use plan litigation, and
- Final completion of oil and gas project EISs

In the pilot project, it was determined that roughly 35 percent of the total APDs/rights-of-way (ROW) processed requires federal interagency reviews in support of National Environmental Policy Act (NEPA) requirements. Thirty percent require USFWS coordination, 2 percent with the USFS, and 4 percent for other federal agencies (e.g., BOR, BIA, and USACE). The average NEPA processing time for APDs/ROWs has decreased by 25 percent, from 81 to 61 days, as a direct result of the colocation of agency staff and associated communication and process improvements. The Pilot Offices will continue to improve on streamlining processes.

Pilot Process Improvements

The pilot offices have initiated actions that are resulting in improvements in the following areas:

- Improved interagency consultation and coordination
- Expanded use of interdisciplinary teams (IDT)
- Improved environmental stewardship
- Renewed focus on human resources
- Greater use of contract services
- Improvements to and greater use of comprehensive strategies to process permits more efficiently
- Development and utilization of critical information technology (IT)
- Improved support for stakeholder responsiveness.

During FY07, the pilot offices demonstrated an increased emphasis on interagency collaboration to colocate and streamline federal and state permit processing and resource protection. As a result, interagency collaboration is providing the following:

- Earlier and better communication and coordination on energy-related projects
- Minimization of surprises and permitting delays through improved communication
- Quicker resolution of misunderstandings between agency and Industry personnel
- Greater use of programmatic agreements utilizing best management practices (BMPs)
- Improved oil and gas permit process-related training and outreach opportunities
- Enhanced monitoring, protection, and conservation of other natural resources.

Pilot offices have been working aggressively to improve responsiveness to stakeholders. This effort has taken the form of providing operator pre-permit planning support with the objective of improving the quality of permit submissions to BLM, thereby saving BLM and Industry time and effort.

Improved interagency environmental and resource stewardship occurring during FY07 has resulted in the following overall pilot performance:

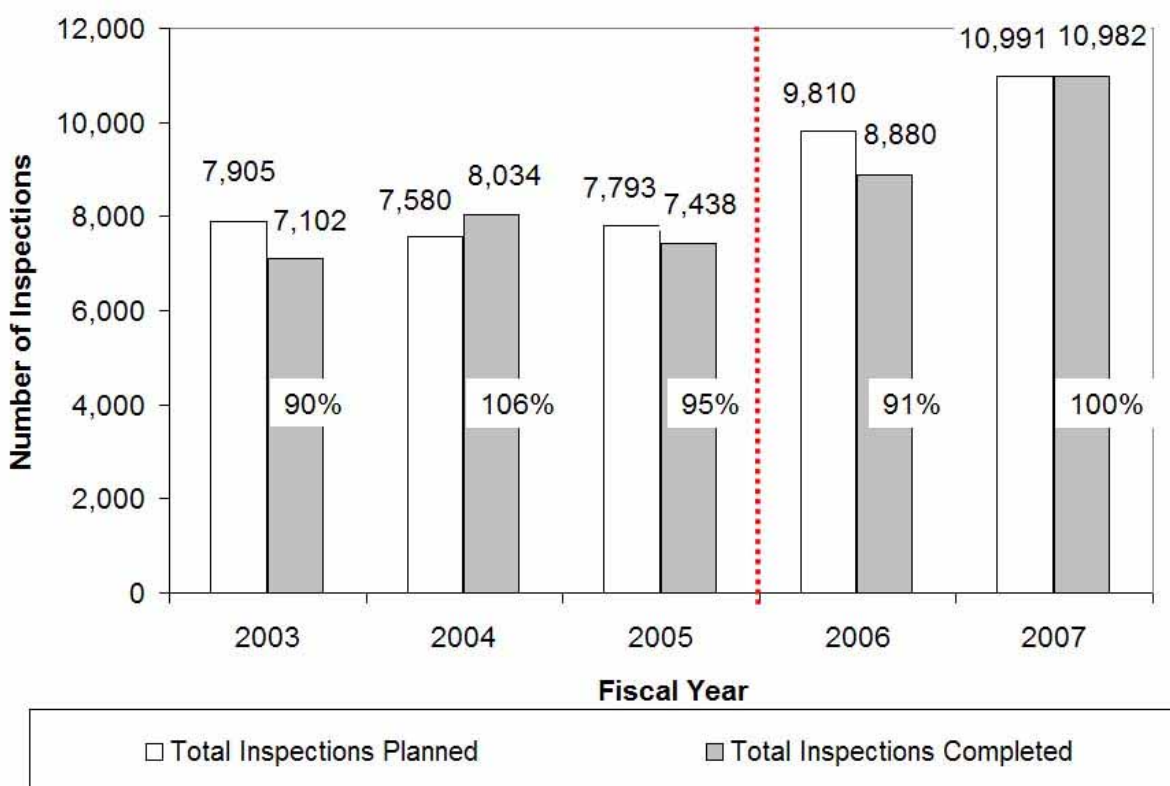
- Elapsed time for interagency consultations has been reduced as a result of improved communication, participation of agency personnel on IDTs, and through programmatic streamlining efforts, which have applicability to multiple projects/permits.

- The number of permit reviews requiring interagency coordination has decreased in FY07 compared to FY06.
- Permit NEPA reviews have become more efficient due to enhanced interagency coordination, greater use of CXs, and expanded use of comprehensive strategies to facilitate the processing of more well permits through a single NEPA action.

Inspection and Enforcement Improvements

In addition to processing APDs, the offices conducted 10,982 total inspections (environmental inspections, drilling inspections, and production inspections), as opposed to 8,880 inspections conducted in FY06, for a 24 percent increase. The number of environmental inspections completed (not depicted within the figure below) increased 78 percent—from 3,365 inspections in FY06 to 5,976 inspections in FY07. One hundred percent of BLM's planned inspections were completed during FY07 compared to 91 percent during FY06.

Total BLM Pilot Office Inspections (Planned vs. Completed)



Note:

Source – BLM's Automated Fluid Minerals Support System (AFMSS)

The vertical dashed line indicates the enactment of the Section 365 Pilot.

- Increased I&E funding has allowed the hiring of additional I&E staff and training resulting in substantially increased inspection productivity. A considerable increase in the number of inspections occurred in FY06 and FY07.

- Increased inspections have led to better compliance by the Industry by a reduction in major violations due to the increased number of inspectors in the field, early identification and intervention of emerging violation situations, and through ongoing I&E outreach sessions.
- Through ongoing Industry outreach, BLM is sharing with the Industry technical and environmental violations insights, which aids the Industry in reducing violations.
- Substantial improvements in I&E accomplishments are occurring with emphasis on environmental inspections to improve resource protection stewardship.

Piloting of I&E field mobile ruggedized computer hardware and inspection software has previously determined that over 50 percent of the time spent preparing for and documenting onsite drilling inspections can be saved through the use of this labor saving technology.

Volume I and Volume II of the Year Two Report provide greater detail on the progress made to date in implementing the pilot office project. The report also presents the steps that will be taken during the next year to further implement and measure the success of the pilot project.

Pilot Office Overviews

The following section provides high-level overviews of each pilot office, including a description of unique factors, a staffing and performance summary, and pilot office showcase examples of ongoing interagency collaboration, process improvements and related successes.

Miles City Pilot Office Overview

The BLM Miles City Pilot Office is responsible for 2.8 million acres of BLM-administered surface acres and 11.6 million acres of BLM-administered mineral estate. These public lands encompass all or portions of 19 counties in eastern Montana. The Miles City Pilot Office oversees BLM-administered lands that encompass a geographic area more than one quarter the size of the State of Montana (See maps below).

Over the last 10–15 years, land use changes in the Miles City Pilot Office area have impacted public lands. These impacts include increased oil and gas exploration and development, livestock grazing issues, spread of noxious weeds, renewed focus on wildlife and fire management, growth in off-highway vehicle use, the need for increased access to BLM lands, consolidation of land ownership, and requirements to address public land use impacts on local community socioeconomics.

Miles City Pilot Office Surface Estate Map



Miles City Pilot Office Mineral Estate Map



Unique Factors of the Miles City Pilot Office

Coal bed natural gas (CBNG) is in the early stages of development in the Powder River Basin of southeastern Montana. Production of CBNG began in 1999 from private and state wells and in 2003 from federal wells. Approximately 525 wells are producing CBNG from federal, state, and private leases with all production occurring in a single gas field operated by Fidelity Exploration & Production Company.

BLM, the Montana Board of Oil & Gas Conservation (BOGC), and the Montana Department of Environmental Quality (DEQ) prepared a joint environmental impact statement (EIS) in 2003 and a resource management plan (RMP) amendment to analyze conventional oil and gas development as well as CBNG full-field development. BLM issued its record of decision (ROD) in April 2003. The ROD and supporting EIS are currently under litigation.

The U.S. District Court has directed BLM to prepare a supplemental EIS (SEIS) to the 2003 EIS that analyzes phased development of CBNG. BLM is currently under a court-issued injunction allowing limited CBNG development for a designated area within the Montana-portion of the Powder River Basin for approximately 500 CBNG APDs per year until the SEIS is completed. BLM plans to complete the SEIS ROD in December 2008.

Pilot Staffing and Performance Summary—Miles City Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 5.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), Montana Fish, Wildlife and Parks (1 FTE) and Montana DEQ (3 FTE).
- During FY06, 11 BLM FTE were hired which included archeologists, natural resource specialists, PETs and a geologist. During FY07, 1 BLM FTE was added for a wildlife biologist.
- The Miles City Pilot Office received 348 APDs in FY06 compared to 253 in FY05 for a 38 percent increase during FY06. During FY07, 65 APDs were received compared to 348 in FY06 for an 81 percent decrease. This drop in APD submissions was a result of the court order injunction which earlier prohibited any CBNG development and the need for BLM to complete an SEIS analyzing phased CBNG development.
- The Miles City Pilot Office processed 113 APDs in FY06 compared to 253 in FY05 for a 55 percent decrease during FY06. During FY07, 84 APDs were processed compared to 113 in FY06 for a 26 percent decrease.
- The Miles City Pilot Office had 417 pending APDs at the end of FY06 compared to 181 in FY05 for a 230 percent increase during FY06. At the end of FY07, 469 pending APDs existed compared to 417 in FY06 for a 12 percent increase. Again, the increase in pending APDs is a result of the court order injunction which earlier prohibited any CBNG development and the need for BLM to complete an SEIS analyzing phased CBNG development.
- The Miles City Pilot Office processed 65 ROWs in FY06 compared to 51 in FY05 for a 27 percent increase during FY06. During FY07, 75 ROWs were processed compared to 65 in FY06 for a 15 percent increase.
- The Miles City Pilot Office completed 277 total inspections in FY06 compared to 513 in FY05 for a 46 percent decrease during FY06. This decrease resulted from a significant loss of PET personnel at that time which were replaced before FY07. During FY07, 622 total inspections were completed compared to 277 in FY06 for a 225 percent increase.
- The Miles City Pilot Office completed 57 environmental inspections in FY06 compared to 189 in FY05 for a 70 percent decrease during FY06. Again, this decrease was from a significant loss of PET personnel at that time which were replaced before FY07. During FY07, 303 environmental inspections were completed compared to 57 in FY06 for a 532 percent increase.

Miles City Pilot Office Show Case Examples

SHOWCASE

Improved Sage-grouse Habitat Protection

The Miles City Pilot Office, BOR, and South Dakota State University have sponsored a sagebrush mapping effort for a study area encompassing 1,132,000 acres within southeast Montana, southwest North Dakota, and northwest South Dakota. Much of the project area is located in a producing oil and gas field currently undergoing intensive "infill" drilling.



The presence of sagebrush in these areas overlaps with the current range of sage-grouse in the western United States. By delineating and describing the sagebrush cover in the project area, the agencies expect to determine the amount and quality of existing habitat for the sage-grouse. This information is critical in allowing BLM to site oil and gas infrastructure in a manner that minimizes impacts to sagebrush and sage-grouse.

SHOWCASE

Montana State Agency Collaboration

The Miles City Pilot Office and the Montana State Historic Preservation Office (SHPO) have initiated a geographic information system (GIS) project to put cultural site data and site survey areas into GIS map layers that BLM cultural resource specialists can use.



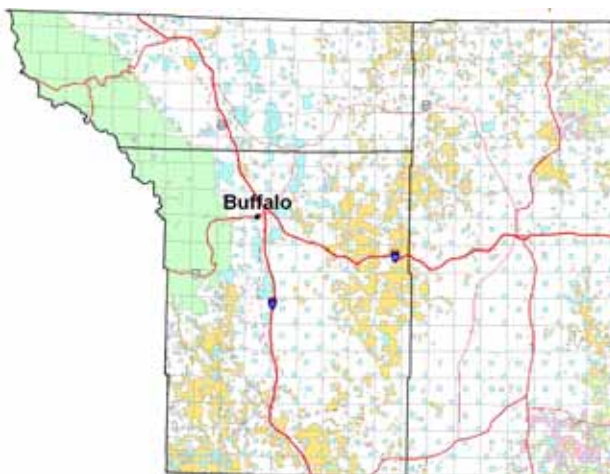
The project allows BLM to quickly determine inventory requirements and allows BLM permit holders access to eliminate delays in completing required file searches.

This project was added to the existing data sharing agreement the Montana BLM has with the Montana SHPO. Additional partners include the Department of Anthropology, University of Montana, and the Natural Resource Information System (NRIS) of the Montana State Library.

Buffalo Pilot Office Overview

The BLM Buffalo Pilot Office is responsible for 800,000 acres of BLM-administered surface estate and approximately 5 million acres of BLM-administered mineral estate. These public lands encompass Campbell, Johnson, and Sheridan Counties of north-central Wyoming (See maps below). This area contains vast deposits of oil, gas, and coal and provides a variety of resources such as wildlife habitat and rangelands for livestock grazing. In addition, the public lands and adjacent Bighorn National Forest and Thunder Basin National Grasslands provide many opportunities for recreational activities. Approximately 62 percent of the federal mineral estate is overlaid by private surface ownership (split-estate).

Buffalo Pilot Office Surface Estate Map



Buffalo Pilot Office Mineral Estate Map



Starting in 1995 and 1996, oil and gas operators of the Powder River Basin of northeastern Wyoming began to produce economic quantities of CBNG.

In April 2003, the Buffalo Pilot Office completed the Powder River Basin Oil and Gas Project Environmental Impact Study (EIS), which analyzed and allows the development of 51,000 CBNG wells. The CBNG development covers the central part of the Buffalo Pilot Office area and is the largest oil and gas project ever to take place in the federal onshore program. The CBNG development has drawn national and international governmental, academic, and media attention. Eighty-five different companies have been involved in CBNG development in the Powder River Basin, and major oil and gas companies have initiated operations within the basin.

Unique Factors of the Buffalo Pilot Office

CBNG is in the mid-stage of development in the Powder River Basin of north-central Wyoming. Exploration of deeper coalbed production is occurring on the western margins of the basin. Production of CBNG began in 1995 and 1996 from private, state, and federal wells. Permitting of federal wells was constrained in 1999 and from 2002 to 2003 as a result of National Environmental Policy Act (NEPA) actions that were deemed necessary and were subsequently completed. Approximately 28,000 wells have been drilled on federal, state, and private leases, with the production coming from a number of overlying coal seams.

In comparison to deeper conventional natural gas well drilling, CBNG development utilizes very shallow wells (from 200 to 1000-feet deep) commonly drilled with truck-mounted water well drilling rigs. This well drilling approach results in very little to no surface disturbance for each CBNG well.

Large amounts of coal aquifer water are produced and discharged on the surface during the production of CBNG. As a result, the Buffalo Pilot Office has had to permit and manage significant surface facility construction, which has included buried power lines and pipelines; numerous on- and off-channel produced-water retention pits, gas collection systems, and measurement and compression facilities.

Starting in 1999, the Buffalo Pilot Office developed a significantly more efficient way of processing large numbers of CBNG APDs and related gas production and produced water handling facilities ROWs. This permitting process utilizes a Plan of Development (POD) multi-well and related facility permit submission from the oil and gas project proponent. The Buffalo Pilot Office has worked with Industry to successfully improve this process so that very complex multi-well projects can be approved within 46 calendar days for administratively and technically complete CBNG APD/POD submissions. The Buffalo Pilot Office processed approximately 47 percent of the Bureau-wide APD workload during 2006. The Buffalo Pilot Office has been considered a permitting “pilot office” for a number of years and had established a U.S. Fish and Wildlife (USFWS) biologist position onsite at the Buffalo Pilot Office in 2004.

Pilot Staffing and Performance Summary—Buffalo Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 4 interagency FTE were established for the USFWS (1 existing FTE), USFS (1 FTE), USACE (0.5 FTE), Wyoming Game and Fish Department (1 FTE) and the Wyoming DEQ (0.5 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 6 BLM FTE were hired which included an archeologist, PETs, a PAT, surface compliance technician, and an energy program assistant. During FY07, 11 BLM FTE were added for an archeologist, natural resource specialists, biologists, civil engineering technician, legal instrument examiners and surface compliance technicians.
- The Buffalo Pilot Office received 3,889 APDs in FY06 compared to 2,509 in FY05 for a 55 percent increase during FY06. During FY07, 2,449 APDs were received compared to 3,889 in FY06 for a 37 percent decrease.
- The Buffalo Pilot Office processed 2,963 APDs in FY06 compared to 2,494 in FY05 for a 16 percent increase during FY06. During FY07, 2,921 APDs were processed compared to 2,963 in FY06 for a one percent decrease.
- The Buffalo Pilot Office had 1,945 pending APDs at the end of FY06 compared to 1,081 in FY05 for an 80 percent increase during FY06. At the end of FY07, 1,600 pending APDs existed compared to 1,945 in FY06 for an 18 percent decrease.
- The Buffalo Pilot Office processed 224 ROWs in FY06 compared to 195 in FY05 for a 15 percent increase during FY06. During FY07, 246 ROWs were processed compared to 224 in FY06 for a 10 percent increase.
- The Buffalo Pilot Office completed 3,057 total inspections in FY06 compared to 2,265 in FY05 for a 35 percent increase during FY06. During FY07, 3,272 total inspections were completed compared to 3,057 in FY06 for a 7 percent increase.

- The Buffalo Pilot Office completed 1,228 environmental inspections in FY06 compared to 863 in FY05 for a 42 percent increase during FY06. During FY07, 1,876 environmental inspections were completed compared to 1,228 in FY06 for a 53 percent increase.

Buffalo Pilot Office Show Case Examples

SHOWCASE

Industry Avian Protection Plans Avoiding Bird Mortality

A new programmatic agreement has allowed the USFWS biologists to conduct more effective monitoring in FY07 than in previous years. Through the stepped up effectiveness monitoring efforts, the USFWS discovered that migratory bird mortalities, in oil pits, water disposal



facilities, and by electrocution or collision with power lines, was occurring at a higher level than previously thought. This discovery prompted

the USFWS to work with BLM and other federal agencies, industry and operators, utility companies, and the general public to address this problem. By providing technical assistance to these entities to assist them in minimizing migratory bird mortalities from development in the PRB, industry has voluntarily developed and implemented Avian Protection Plans (APP).

The APP developed by the Powder River Energy Corporation covers an 18,000 square mile operational area and ensures that the corporation's power lines are built to specifications, which minimizes impacts to migratory birds, and that existing power lines are retrofitted to meet these same specifications. Additional APPs are in the process of being developed by several other energy companies, in coordination with the USFWS, to minimize the potential for migratory bird mortalities associated with operator-owned power lines servicing oil and gas production.

SHOWCASE

Colocation of a USFWS Biologist

The Buffalo Pilot Office has had a c o l o c a t e d USFWS biologist since mid-2005, in advance of the pilot program.



Based on lessons learned in the first 4 years of implementation of the original programmatic consultation, the USFWS recommended that BLM modify the existing document to further streamline the consultation process. The new document addressed:

- all possible well spacing scenarios
- a streamlined process for tiering both formal and informal consultation to a programmatic consultation
- interagency coordination at the project planning stage
- the need for USFWS staff to conduct effectiveness monitoring and site reviews to better assist the BLM in early project planning.

As expected, the new approach to Section 7 consultation has expedited the site-specific consultations. This provides for a "paperless" Section 7 consultation process that allowed BLM wildlife biologists the ability to make the determination for all routine actions, improving the average consultation time from 15 days to 1 day and will provide better protection for wildlife.

SHOWCASE**State & Federal Reclamation Liability Reduction Program**

As a result of rapid and large-scale CBNG development occurring in the Powder River Basin, the Buffalo Pilot Office has collaborated with Wyoming Department of Environ-



mental Quality (DEQ), Wyoming State Engineer's Office (SEO), and the Wyoming Oil & Gas Conservation Commission (WOGCC) to establish an inter-agency CBNG water retention pit reclamation bonding program. This inter-agency program ensures full and complete reclamation of water retention pits after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office established an MOU with the Wyoming SEO for dam construction engineering and safety standard requirements that Industry must follow.

The Buffalo Pilot Office has held coordination meetings with wildlife consultants and operators to discuss protocol changes and consistency issues, and to coordinate action for ongoing and future wildlife surveys.

In the Buffalo Pilot Office, the average POD approval timeline has been reduced from roughly 350 days to about 90 days when a complete POD submission is received.

The Buffalo Pilot Office partnered with state agencies and collaborated with Industry and the public in developing a GIS-based Web site known as www.cbmclearinghouse.info. CBNG and natural resource information is hosted on the site to meet the needs of a variety of users. Permit agents, contractors, operators, and the general public use this valuable Web site on a daily basis.

SHOWCASE**Increased Field Inspections**

Enhanced funding has allowed the Buffalo Pilot Office to increase its capability to conduct surface and subsurface compliance inspections. Over the last 3 years, the number of surface compliance inspections has increased by more than 50 percent. The noncompliance rate has decreased from roughly 70 percent to less than 30 percent for surface issues. Subsurface compliance inspections have increased by more than 15 percent through the addition of new inspection positions.



Rawlins Pilot Office Overview

The BLM Rawlins Pilot Office is responsible for 3.5 million acres of BLM-administered surface acres and 4.5 million acres of BLM-administered mineral estate. These public lands encompass all or portions of Sweetwater, Carbon, Albany and Laramie counties in south-central Wyoming (See maps below).

High mountains, high plains, and high deserts make up the public lands of the Rawlins Pilot Office. The landscape provides habitat for a great number of wildlife, including rare mammals, fish, and birds. The Rawlins Pilot Office is home to the only known wild population of black-footed ferrets in Wyoming. The black-footed ferret is a rare endangered species. Protection of endangered species habitat is a major factor affecting land use decisions on public lands.

The sheep and cattle industry utilize the large federal grazing allotments extensively. Gas and oil wells dot the landscape and coal lies under it, providing energy for the nation. Even the ever-present wind has been harnessed for energy--the largest commercial wind energy project in the Intermountain West is within the Rawlins Pilot Office boundary. The historic Overland and Cherokee Trails cross the southern part of the area. Where prehistoric mammals and dinosaurs once roamed (some sites in the pilot office have yielded the only fossil record of several extinct species), wild horses share the range with livestock and wildlife. The Continental Divide National Scenic Trail which crosses the pilot office area offers opportunities for anything from a day hike to a 3,000-mile trek. Other recreational activities include hunting, fishing, camping, river floating, rock hounding, mountain biking, off-highway vehicle use and sightseeing.

Rawlins Pilot Office Surface Estate Map



Rawlins Pilot Office Mineral Estate Map



Unique Factors of the Rawlins Pilot Office

The Rawlins Pilot Office is experiencing a massive increase in natural gas [both conventional and coalbed natural gas (CBNG)] and to a lesser extent, oil development within the central and eastern portions of the Green River Basin. The reasonable foreseeable development the Rawlins Pilot Office is addressing through these project approvals is on the order of 8,000-9,000 wells. There is a large number of major natural gas and CBNG environmental impact statement (EIS) projects currently underway as well as the development of three large diameter natural gas pipeline project ROWs which have substantially impacted the Rawlins Pilot Office's ability to process and approve APD actions. The impact is two-fold: until the project EISs are completed, APDs are approved on a limited basis until project-level NEPA is

completed; and, the Rawlins Pilot Office EIS staff has largely been the same staff that processes APDs, other well permits and ROWs. The FY06 and FY07 hiring of Pilot Project personnel has greatly helped to resolve this situation.

The resurgence in interest in alternative energy sources in the Rawlins Pilot Office has resulted in the need to provide authorized use permits for uranium and wind energy development. This workload places additional strain on Rawlins Pilot Office staff in managing resource development and protection needs of the public lands.

Pilot Staffing and Performance Summary—Rawlins Pilot Office

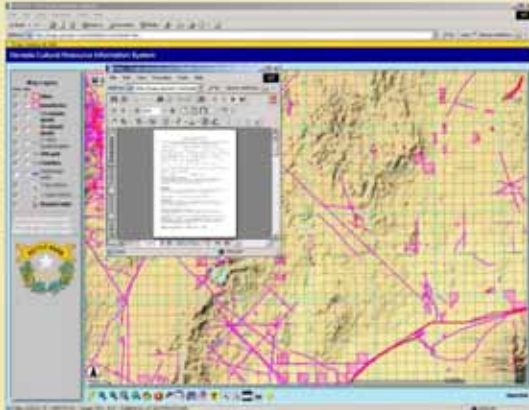
The following is a high-level staffing and performance summary:

- During FY06, 3 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), Wyoming Game and Fish Department (1 FTE) and the Wyoming DEQ (0.5 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 22 BLM FTE were hired which included archeologists, natural resource specialists, biologists, PETs, a PAT, realty specialists, a hydrologist, a civil engineer, surface compliance technicians and a GIS specialist. During FY07, 4 BLM FTE were added for PETs, a legal assistant, and an energy program assistant.
- The Rawlins Pilot Office received 284 APDs in FY06 compared to 515 in FY05 for a 45 percent decrease during FY06. During FY07, 360 APDs were received compared to 284 in FY06 for a 27 percent increase.
- The Rawlins Pilot Office processed 319 APDs in FY06 compared to 436 in FY05 for a 27 percent decrease during FY06. This was a result of project EIS interim drilling APD approval constraints. During FY07, 308 APDs were processed compared to 319 in FY06 for a three percent decrease.
- The Rawlins Pilot Office had 301 pending APDs at the end of FY06 compared to 344 in FY05 for a 13 percent decrease during FY06. At the end of FY07, 346 pending APDs existed compared to 301 in FY06 for a 15 percent increase.
- The Rawlins Pilot Office processed 406 ROWs in FY06 compared to 331 in FY05 for a 23 percent increase during FY06. During FY07, 370 ROWs were processed compared to 406 in FY06 for a 9 percent decrease.
- The Rawlins Pilot Office completed 669 total inspections in FY06 compared to 617 in FY05 for an 8 percent increase during FY06. During FY07, 739 total inspections were completed compared to 669 in FY06 for a 10 percent increase.
- The Rawlins Pilot Office completed 288 environmental inspections in FY06 compared to 274 in FY05 for a 5 percent increase during FY06. During FY07, 390 environmental inspections were completed compared to 288 in FY06 for a 35 percent increase.

Rawlins Pilot Office Show Case Examples

SHOWCASE

Complete Process Automation (Section 106) in NM & WY



The Buffalo and Rawlins pilot offices participate in a Wyoming SHPO and BLM, new cultural resource BMP, which has been deployed statewide.

A Web database application known as Cultural Resource Management (Project) Tracking System (CRMTracker) was developed to increase efficiency in collecting, reporting, and transmitting cultural resource project information from oil and gas permit project applicants to BLM and then on to the SHPO.

CRMTracker was developed with funding from the Department of Energy based on the need to reduce information barriers to energy production. This on-the-ground data function provides timely information to all parties (though good site management decisions still must depend on site-specific cultural resource surveys to produce data that generally comes too late in the decision-making process).

*The Wyoming SHPO **CRMTracker** and a sister system the **Cultural Resources Integrated Support Program (CRISP)** were developed with funding from the DOE based on the need to reduce information barriers to energy production.*

SHOWCASE

State & Federal e-Permitting Portal



Under the auspices of the Governor of Wyoming's Energy Permit Strengthening and Streamlining initiative, the Buffalo and Rawlins Pilot Offices are participating in the development of an interagency CBNG e-permitting portal in collaboration with the Wyoming DEQ, the Wyoming SEO, and WOGCC to support CBNG project permitting.

The Wyoming Legislature has appropriated funding for the development of this portal, which will support one-stop CBNG electronic permitting, agency guideline and data sharing, and agency-specific permit approval status tracking. The oil and gas industry is an active participant.

*As a result of the Rawlins Pilot Office **Monitoring without Borders** collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which helped the species from being listed as T&E.*

Glenwood Springs Pilot Office Overview

The BLM Glenwood Springs Pilot Office is responsible for 567,000 acres of BLM-administered surface estate and 776,000 acres of mineral estate (split estate). The Glenwood Springs Pilot Office also provides support for 1.5 million acres of mineral estate located within the National Forest System. These public lands encompass all or portions of Eagle, Garfield, Mesa, Pitkin, Rio Blanco, and Routt Counties of Northwestern Colorado (See maps below).

The Glenwood Springs Pilot Office manages diverse natural resources and provides for a variety of natural resource uses including: livestock grazing, firewood cutting, oil and gas development, big game hunting, rafting and motorized and non-motorized recreation. Lands are important to the communities for recreation, wildlife habitat, and open space.

Glenwood Springs Pilot Office Surface Estate Map



Glenwood Springs Pilot Office Mineral Estate Map



Unique Factors of the Glenwood Springs Pilot Office

The Glenwood Springs Pilot Office is faced with a variety of urban interface issues. Eagle, Pitkin and Garfield Counties are experiencing some of the fastest growth rates in the state. Many of the new residents are choosing to live away from town/community centers. BLM's new neighbors bring diverse expectations and demands of the public lands. The public lands are adjacent to many small communities facing intensive growth pressures as well as the White River National Forest, the most heavily used National Forest in the Country, which compares with Yellowstone National Park in popularity.

The pilot office manages 14 developed recreation sites, which include 6 river access sites to the Colorado and Eagle Rivers, 4 wilderness study areas. Approximately 90 outfitters and guides are under permit and available to assist visitors in a variety of upland and river activities. The pilot office administers 255 grazing allotments with 151 permittees, issues 300-400 applications for permits to drill (APDs) for oil and natural gas and 50-60 rights-of-way (ROW) each year. Five to ten land exchange proposals are made annually by a variety of proponents.

In 1997 congressional legislation transferred to BLM approximately 56,000 acres of Department of Energy Naval Oil Shale Reserves lands northwest of Rifle, known as the Roan Plateau. This area will be the focus of land use planning and allocation decisions involving the spectrum of uses from special

management area designations to oil and gas leasing. The pilot office completed a Land Use Planning Amendment/EIS in 1999 covering oil and gas leasing and development on a portion of these lands as well as other lands throughout the Resource Area. Primary issues are the rate and density of development, and the consequences on wildlife, visual resources and nearby residential communities. Public interest in this area is rising dramatically.

With the hiring of the additional Pilot Office staff, the Glenwood Springs Pilot Office has been utilizing two separate offices located a few miles apart in Glenwood Springs. As a result, the Glenwood Springs Pilot Office management and staff are required to spend additional time for communication and team development. The Glenwood Springs Pilot Office is actively pursuing office space where all personnel can be located in one facility.

Hiring for the Pilot Study has been challenging for all agencies involved due to competing high salaries being paid by the oil and gas industry, the high cost of living in Glenwood Springs (because it is a resort area located near Aspen), and lack of qualified applicants.

In the Glenwood Springs Pilot Office, the Natural Resource Specialists rely heavily on third-party contractors (usually hired by project proponents) to draft EAs, allowing the NRSs to focus their time on improving the processing of necessary NEPA support documentation for APDs with industry contractors. The use of third-party NEPA contractors to complete NEPA documentation for review by the Glenwood Springs Pilot Office is a significant streamlining and work reduction approach. Once this work is completed and accepted by BLM as adequate, the Glenwood Springs Pilot Office can approve an APD in approximately 10-20 days.

Pilot Staffing and Performance Summary—Glenwood Springs Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 4.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), and the USFS (3 FTE). During FY07, 3 FTE were established for a second USFWS biologist and two USFS positions.
- During FY06, 19 BLM FTE were hired which included archeologists, a NEPA coordinator, natural resource specialists, a biologist, a botanist, PETs, a PAT, a petroleum engineer, a realty specialist, a hydrologist, a geologist, surface compliance technicians, land law examiners and an administrative assistant. During FY07, 2 BLM FTE were added for a PET and a GIS specialist.
- The Glenwood Springs Pilot Office received 336 APDs in FY06 compared to 333 in FY05 for a one percent increase during FY06. During FY07, 380 APDs were received compared to 336 in FY06 for a 13 percent increase.
- The Glenwood Springs Pilot Office processed 287 APDs in FY06 compared to 326 in FY05 for a 12 percent decrease during FY06. During FY07, 409 APDs were processed compared to 287 in FY06 for a 43 percent increase.
- The Glenwood Springs Pilot Office had 84 pending APDs at the end of FY06 compared to 50 in FY05 for a 68 percent increase during FY06. At the end of FY07, 88 pending APDs existed compared to 84 in FY06 for a 5 percent increase.

- The Glenwood Springs Pilot Office processed 77 ROWs in FY06 compared to 36 in FY05 for a 114 percent increase during FY06. During FY07, 56 ROWs were processed compared to 77 in FY06 for a 19 percent decrease.
- The Glenwood Springs Pilot Office completed 447 total inspections in FY06 compared to 292 in FY05 for an 53 percent increase during FY06. During FY07, 1,084 total inspections were completed compared to 447 in FY06 for a 243 percent increase.
- The Glenwood Springs Pilot Office completed 148 environmental inspections in FY06 compared to 102 in FY05 for a 45 percent increase during FY06. During FY07, 736 environmental inspections were completed compared to 148 in FY06 for a 497 percent increase.

Glenwood Springs Pilot Office Show Case Examples

SHOWCASE

Interagency Teams

The Glenwood Springs Pilot Office and the White River National Forest (WRNF) collaborated in developing an integrated concept for the Energy Office to use USFS and BLM specialists assigned to the Energy Office to support management of the energy program regardless of agency affiliation. Examples of specialists working on integrated interagency team include—

- the USFS Civil Engineering Technician providing support on BLM energy ROW (road) proposals
- the BLM NRS serving as the NEPA lead for projects on USFS lands
- the USFS Ecologist and other Energy Office staff specialists providing field and NEPA support for onsite exams and environmental assessments
- the PETs provide assistance for compliance on USFS lands
- the USFS Biological Scientist conducted 430 environmental inspections on BLM wells, recording them into AFMSS
- the USFS ecologist developed two comprehensive plans for reclamation and weed monitoring and control that have been implemented as a COA for permits on both agencies lands.



SHOWCASE**Wildlife Protection for Year-round Drilling**

The Glenwood Springs Pilot Office has an agreement with the Colorado Division of Wildlife (CDOW) and Williams Production

Company to allow year-round winter drilling (on an experimental basis) in a part of the resource area classified as winter range for deer. Deer monitoring is ongoing, and the results of this monitoring and study will determine whether the winter timing limitation protects deer and elk and whether future year-round drilling should be allowed.

Drilling operations have traditionally had to move off federal lands and onto private lands during the winter, due to federal timing limitations.

**SHOWCASE****Oil & Gas Permitting Public Outreach**

The Glenwood Springs Energy Office conducts outreach meetings with homeowners' associations (e.g., Battlement Mesa, etc.) to explain the permitting process, drilling practices, pipeline construction, and the protection of surface and downhole resources through I&E activities.



Homeowners have become concerned about the impacts of nearby oil and gas development. The Glenwood Springs Energy Office has initiated this program to ensure the public's understanding of oil and gas exploration and development activities under BLM's multiple-use mandate.

Geologic studies have mapped the Williams Fork fluvial sands and are the basis for justifying the 10-acre downhole well spacing needed to efficiently drain the gas reservoirs in the Glenwood Springs Energy Office area. These studies have had a major impact on resource estimations and drilling techniques.

The operators in the Glenwood Springs Energy Office are now providing a greater level of detail on existing wetland and stream resources, project impacts to waters of the U.S., and mitigation measures for impacts to wetland/riparian corridors.

Having a USFWS biologist colocated in the Glenwood Springs Energy Office has reduced Section 7 consultation times from an average of 45 to 13 days.

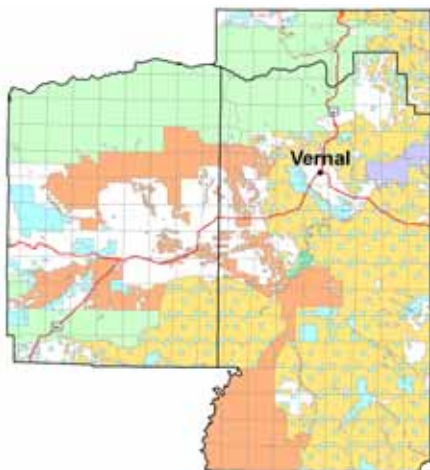
Vernal Pilot Office Overview

The BLM Vernal Pilot Office is responsible for 1.8 million acres of BLM-administered surface acres, approximately 2.8 million acres of BLM-administered subsurface acres, in addition to having oversight responsibilities of mineral development over an additional 1.3 million acres of National Forest System Lands. Vernal also has Native American trust responsibilities associated with Tribal and Allotted Indian mineral leases. These public lands encompass major portions of Uintah and Duchesne Counties of north-eastern Utah (See maps below).

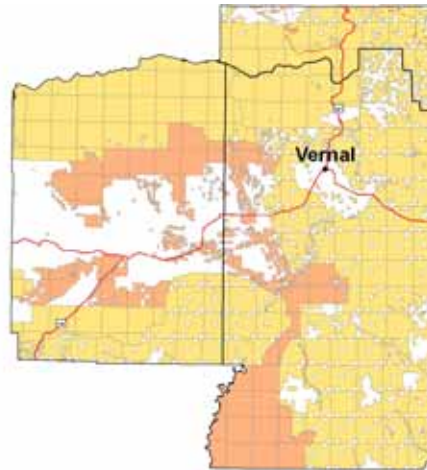
Resource issues include Native American coordination, rapidly expanding oil and gas development, recreation, wildlife, cultural resources, lands, rangeland management, riparian, fire management, forestry, wild horses, law enforcement/resource protection, and wilderness.

The Vernal Pilot Office area is rich in mineral resources, including deposits of tar sands, oil shale, gilsonite and phosphate.

Vernal Pilot Office Surface Estate Map



Vernal Pilot Office Mineral Estate Map



Unique Factors of the Vernal Pilot Office

The Vernal Pilot Office is experiencing substantial oil and gas exploration and development activities occurring in the Uinta Basin of northeastern Utah. This activity is a result of large scale infill drilling occurring in mature oil and natural gas fields as well as seismic and exploration drilling for new and deeper oil and gas fields.

Currently the Vernal Pilot Office is completing four major oil and gas EISs and 20-30 large oil and gas EAs and evaluating the drilling of approximately 6,000 wells in the near future. In addition, there is ongoing exploration, piloting, and development of unconventional oil and gas resources including coalbed natural gas, oil shale and tar sands. Such activity is also occurring on Indian surface/federal mineral estate (administered by BLM).

Due to the Industry's high demand for experienced personnel, the Vernal Pilot Office has experienced significant problems in the retention and recruiting of permitting and I&E personnel to support the objectives of the Pilot Project. As a result, the Vernal Pilot Office has experienced a high turnover of staff whereby BLM personnel have left for higher paying jobs with Industry.

The Vernal Pilot Office is currently revising their Resource Management Plan encompassing the consolidation of two prior separate land use plans. The energy boom has added to the dramatic growth in local communities and the needs of local County governments, resulting in increase Vernal Pilot Office Lands and Realty-related workloads.

During FY 2006, the Vernal Pilot Office experienced extensive logistical impacts during expansion of their office facilities.

Pilot Staffing and Performance Summary—Vernal Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 2.5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), and USFS (1 FTE). During FY07, 1 FTE was established for a second USFWS biologist.
- During FY06, 32 BLM FTE were hired which included an archeologist, a NEPA coordinator, administrative assistants, natural resource specialists, biologists, a botanist, a soils scientist, PETs, a PAT, a realty specialist, geologists, legal instrument examiners and branch chiefs. During FY07, 11 BLM FTE were added for an EIS project coordinator, administrative assistants, natural resource specialists, and PETs.
- The Vernal Pilot Office received 1,462 APDs in FY06 compared to 1,169 in FY05 for a 25 percent increase during FY06. During FY07, 1,158 APDs were received compared to 1,462 in FY06 for a 21 percent decrease.
- The Vernal Pilot Office processed 984 APDs in FY06 compared to 692 in FY05 for a 42 percent increase during FY06. During FY07, 1,241 APDs were processed compared to 984 in FY06 for a 26 percent increase.
- The Vernal Pilot Office had 1,429 pending APDs at the end of FY06 compared to 863 in FY05 for a 66 percent increase during FY06. At the end of FY07, 1,346 pending APDs existed compared to 1,429 in FY06 for a 6 percent decrease.
- The Vernal Pilot Office processed 262 ROWs in FY06 compared to 222 in FY05 for an 18 percent increase during FY06. During FY07, 278 ROWs were processed compared to 262 in FY06 for a 6 percent increase.
- The Vernal Pilot Office completed 491 total inspections in FY06 compared to 367 in FY05 for a 34 percent increase during FY06. During FY07, 503 total inspections were completed compared to 491 in FY06 for a 2 percent increase.
- The Vernal Pilot Office completed 189 environmental inspections in FY06 compared to 176 in FY05 for a 7 percent increase during FY06. During FY07, 272 environmental inspections were completed compared to 189 in FY06 for a 44 percent increase.

Vernal Pilot Office Show Case Examples

SHOWCASE

Early IDT Input into Industry Project Plans

The Vernal Pilot Office has implemented a change in its NEPA process for high-priority NEPA documents (EAs and EISs). Before the implementation of the current IDT process, the Vernal Pilot Office conducted weekly IDT meetings to 1) present new NEPA projects, 2) discuss the status of ongoing NEPA projects, and 3) garner IDT input into new NEPA projects. This effort resulted in a time-consuming process for completing high-priority NEPA projects.

IDT meetings now include the participation of the project proponent and/or third-party NEPA contractors and USFWS personnel. This action allows the project proponent to agree to newly applied measures and adapt proposed actions based on IDT input. Engaging the project proponent at the initiation of the IDT's review of the project substantially streamlines the NEPA effort and related documentation. Formal USFWS consultation response times have decreased from 21 days to 12 days through active participation on the IDT.



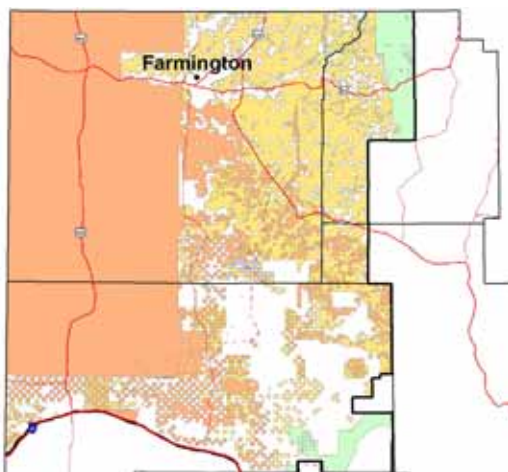
For the Vernal Pilot Office, formal USFWS consultation response times have improved considerably as a result of IDT involvement.

Farmington Pilot Office Overview

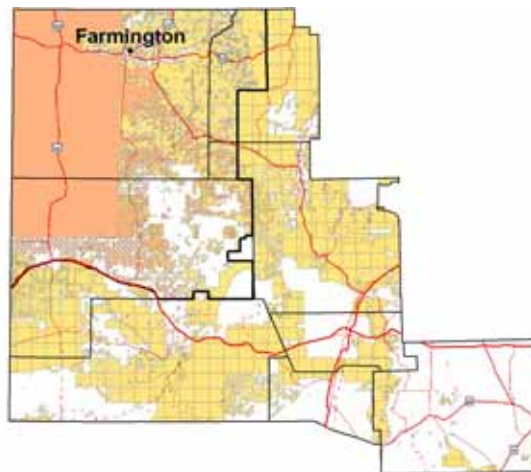
The BLM Farmington Pilot Office is responsible for 1.4 million acres of BLM-administered surface estate and 3 million acres of BLM-administered mineral estate. These public lands encompass all or portions of San Juan, McKinley, Rio Arriba, and Sandoval Counties in northwestern New Mexico (See maps below). Farmington is also responsible for the administration of the BLM Rio Puerco Pilot Office oil and gas program.

The Farmington Pilot Office manages diverse natural resources and provides for a variety of natural resource uses, including livestock grazing; big game hunting; non-motorized and motorized recreation; viewing of world-class cultural resources; and oil, gas, and coal development. Besides energy development, lands are important to communities for recreation, wildlife habitat, wilderness, and community growth.

Farmington Pilot Office Surface Estate Map



Farmington Pilot Office Mineral Estate Map



Unique Factors of the Farmington Pilot Office

The San Juan Basin is one of the largest natural gas fields in the nation and has been under development for more than 50 years. It supports approximately 20,000 active oil and gas wells, and there are more than 2,400 existing federal oil and gas leases within the Farmington Pilot Office administrative area. Virtually all of the high potential for oil and gas development has been leased. Over the past few years, changes in state spacing regulations, increased oil and gas commodity pricing, and subsequent infill drilling have doubled the number of estimated federal mineral wells to be drilled and produced over the next 20 years to approximately 10,000 wells using existing well pads and roads to minimize new surface disturbance. As a result, the Farmington Pilot Office is considered the Bureau's largest oil and gas permitting, inspection, and enforcement workload office.

Most of the Pilot Project team has been employed by BLM for many years. Most of the new Pilot Project hires have had experience with other federal agencies or have a background in the oil and gas industry. Consequently, little concern was raised about the readiness of the new hires to function in their roles. Although training was a concern that was raised, the Pilot Project staff were very enthusiastic about the abilities of the new hires and had devised a number of in-house and agency-level training sessions to ensure that the new hires would be rapidly brought up to speed on procedures and guidelines.

Over the years, the Farmington Pilot Office has established an excellent permitting, reservoir management, and I&E staff that has worked very hard with Industry and its contractors to ensure compliance with BLM requirements. Over the past few years, the Farmington Pilot Office has greatly expanded the number of surface environmental field inspections before, during, and after field construction activities to monitor and ensure COA compliance by Industry. This approach has been used to build strong relationships between Industry and the Farmington Pilot Office I&E personnel. The Farmington Pilot Office's goal is to achieve 100 percent Industry compliance with permit COAs. The high turnover rate of operator and contractor personnel requires the Farmington Pilot Office to constantly train and educate new Industry personnel on BLM permitting and compliance requirements.

Farmington has also been a critical participant within Industry, local government, and stakeholder working groups for well over a decade. This ongoing working group participation has established the BLM Farmington Pilot Office as willing participant in proactively addressing issues and developing BMPs within a collaborative environment.

In order to provide improved services to individual Navajo Indian mineral owners, the Department of the Interior (DOI) established the Farmington Indian Minerals Office (FIMO). FIMO consists of staff from the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), and Minerals Management Service (MMS). These staff report to the FIMO Director, who in turn reports to the Indian Minerals Steering Committee. The Farmington Pilot Office staff collaborates with the FIMO. The collaboration between the two offices is unique because FIMO is the only office of its type in the United States. The FIMO is located in the same building as the Farmington Pilot Office, which facilitates teamwork between the offices.

Pilot Staffing and Performance Summary—Farmington Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 5 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), USFS (1 FTE), BIA (1 FTE), BOR (0.5 FTE) and New Mexico Oil Conservation Division (1 FTE). During FY07, 1 FTE was established for a USFS archeologist.
- During FY06, 15 BLM FTE were hired which included an archeologist, a GIS specialist, a pilot project manager, a records manager, natural resource specialists, biologists, PETs, a PAT, a realty specialist, and legal instrument examiners. During FY07, 1 BLM FTE was added for a natural resource specialist.
- The Farmington Pilot Office received 900 APDs in FY06 compared to 850 in FY05 for a six percent increase during FY06. During FY07, 605 APDs were received compared to 900 in FY06 for a 33 percent decrease.
- The Farmington Pilot Office processed 993 APDs in FY06 compared to 845 in FY05 for a 16 percent increase during FY06. During FY07, 668 APDs were processed compared to 993 in FY06 for a 33 percent decrease.
- The Farmington Pilot Office had 365 pending APDs at the end of FY06 compared to 402 in FY05 for a 9 percent decrease during FY06. At the end of FY07, 310 pending APDs existed compared to 365 in FY06 for a 15 percent decrease.
- The Farmington Pilot Office processed 686 ROWs in FY06 compared to 725 in FY05 for a 5 percent decrease during FY06. During FY07, 747 ROWs were processed compared to 686 in FY06 for a 9 percent increase.

- The Farmington Pilot Office completed 1,640 total inspections in FY06 compared to 876 in FY05 for a 87 percent increase during FY06. During FY07, 1,477 total inspections were completed compared to 1,640 in FY06 for a 10 percent decrease.
- The Farmington Pilot Office completed 399 environmental inspections in FY06 compared to 578 in FY05 for a 31 percent decrease during FY06. During FY07, 387 environmental inspections were completed compared to 399 in FY06 for a 3 percent decrease.

Farmington Pilot Office Show Case Examples

SHOWCASE

New Inspection Strategy



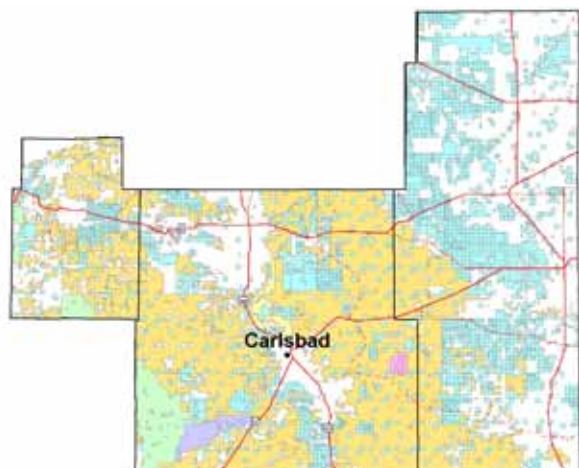
In late 2005, the Farmington Pilot Office implemented a new inspection strategy to address the deficiencies between conducting annual high-priority inspections and the rarely occurring low-priority inspections. The new inspection strategy balances legally required high- and low-priority inspections, ensuring that all 20,000 wells are inspected within a 3-year period while maintaining oversight on high-volume production.

Carlsbad Pilot Office Overview

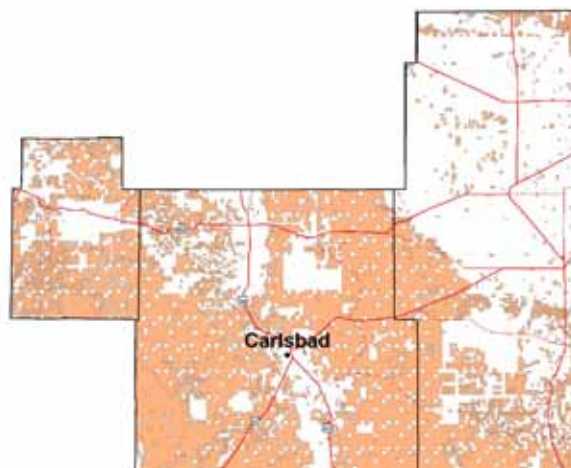
The BLM Carlsbad Pilot Office is responsible for 2.2 million acres of BLM-administered surface acres and 1.9 million acres of BLM-administered mineral estate. These public lands encompass all or part of Eddy, Lea, and southern Chavez Counties of southeastern New Mexico (See maps below).

The Pilot Office manages diverse natural resources and provides for a variety of natural resource uses, including livestock grazing; non-motorized and motorized recreation; interpretation of cultural resources; and oil, gas, and potash development. Lands are important to communities for recreation, wildlife habitat, caves, karsts, and wilderness.

Carlsbad Pilot Office Surface Estate Map



Carlsbad Pilot Office Mineral Estate Map



Unique Factors of the Carlsbad Pilot Office

The Permian Basin of southeast New Mexico and west Texas is considered a very significant and geologically complex oil and gas productive basin within the United States. The CFO administers approximately 15,000 federal wells within this Basin. Exploration and development of oil and gas resources have also taken place and continue to grow in an large area that has actively been underground mined for potash since World War II. Virtually all of the high potential for oil and gas development has been leased. Over the past few years, changes in state spacing regulations, increased oil and gas commodity pricing, and subsequent infill drilling have doubled the number of estimated federal mineral wells to be drilled and produced over the next 20 years. As a result, the Carlsbad Pilot Office is considered one of Bureau's largest oil and gas permitting, inspection, and enforcement workload offices.

Ongoing oil and gas development has resulted in a large ROW workload. Large-scale development of wind energy sites is also occurring, adding significant work for the Carlsbad Pilot Office ROW personnel. A similar BLM high workload impact is occurring with mineral material permitting that provides sand and gravel construction materials for new access roads, drilling pads, and production facilities.

Carlsbad and the Roswell Pilot Office have made adjustments to the location and local availability of certain types of oil and gas program personnel. Since the completion of these personnel management actions, the Carlsbad Pilot Office, under the objectives of the Pilot Project, is gaining additional insight into areas where the location and coordination of the Carlsbad Pilot Office and Roswell staff may need further refinement.

Most of the Pilot Project team has been employed by BLM for many years, and many of the new Pilot Project hires have had experience with other federal agencies or have a background in the oil and gas Industry. The Pilot Project staff—including pilot office management, experienced staff, and entry-level personnel—are extremely enthusiastic about the Carlsbad Pilot Office permitting and inspection streamlining, interagency coordination and collaboration, and successful development and application of in-house developed information technology (IT).

Pilot Staffing and Performance Summary—Carlsbad Pilot Office

The following is a high-level staffing and performance summary:

- During FY06, 3 interagency FTE were established for the USFWS (1 FTE), USACE (0.5 FTE), BOR (0.5 FTE), and New Mexico Oil Conservation Division (1 FTE).
- During FY06, 20 BLM FTE were hired which included a GIS specialist, a pilot project manager, natural resource specialists, a biological technician, PETs, a PAT, a realty specialist, a hydrologist, a geologist, a cartographer, and legal instrument examiners. During FY07, 9 BLM FTE were added for surface/environmental protection specialists, administrative assistants, PETs, and a cartographic technician.
- The Carlsbad Pilot Office received 771 APDs in FY06 compared to 580 in FY05 for a 33 percent increase during FY06. During FY07, 585 APDs were received compared to 771 in FY06 for a 24 percent decrease.
- The Carlsbad Pilot Office processed 809 APDs in FY06 compared to 572 in FY05 for a 41 percent increase during FY06. During FY07, 588 APDs were processed compared to 809 in FY06 for a 27 percent decrease.
- The Carlsbad Pilot Office had 109 pending APDs at the end of FY06 compared to 140 in FY05 for a 22 percent decrease during FY06. At the end of FY07, 104 pending APDs existed compared to 109 in FY06 for a 5 percent decrease.
- The Carlsbad Pilot Office processed 441 ROWs in FY06 compared to 445 in FY05 for a one percent decrease during FY06. During FY07, 505 ROWs were processed compared to 441 in FY06 for a 15 percent increase.
- The Carlsbad Pilot Office completed 2,299 total inspections in FY06 compared to 2,508 in FY05 for an 8 percent decrease during FY06. During FY07, 3,285 total inspections were completed compared to 2,299 in FY06 for a 43 percent increase.
- The Carlsbad Pilot Office completed 1,056 environmental inspections in FY06 compared to 1,381 in FY05 for a 24 percent decrease during FY06. During FY07, 2,012 environmental inspections were completed compared to 1,056 in FY06 for a 91 percent increase.

SHOWCASE

The Carlsbad Pilot Office developed four tracking systems that expedite the review and processing of APDs and other energy-related projects. These GIS- and Microsoft Access-based tracking systems have been developed internally within the Carlsbad Pilot Office without additional contracting.

2008 APD Tracking System

File Edit View Tools Help

APD Information

APD Details

APD History

APD Summary

including correspondence and decision notices.

These databases are providing improved reliability and timeliness, enabling permit applicants and BLM adjudication staff to better prioritize and manage their workload through automated processes. Electronically generated due dates, letters, and reports allow specialists to perform their project reviews concurrently rather than routing paperwork from specialist to specialist. Future enhancements would include the stakeholders' ability to access the data through Web sites, for example, allowing them to view online the status of their project in real time.

Interest in electronic permitting has been expressed during operator outreach meetings and workshops. BLM initiated electronic permitting in 1999 and after four years, 26 percent of all BLM APD and well sundry permits were submitted electronically before the Cobell Internet shut-down.

Now that BLM's electronic permitting is online again, operators have started taking advantage of it and usage is rapidly growing. The Carlsbad adjudication staff has seen a reduction in well permit processing times.

To mitigate the spread of noxious and invasive weed species as a result of surface-disturbing activities, the Carlsbad Pilot Office has developed an MOU in partnership with Industry. This MOU provides a mechanism whereby oil and gas companies may financially contribute to a fund to treat oil field roads and pads where weed infestation is occurring.

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Acronym List

| | |
|------------|--|
| AD-HCM | Assistant Director for Human Capital Management |
| AFMSS | Automated Fluid Mineral Support System |
| AFMSS/WIS | AFMSS/Well Information System |
| APD | Application for Permit to Drill |
| APP | Avian Protection Plan |
| BA | Biological Assessment |
| Bbls | barrels (of oil) |
| Bcf | billion cubic feet (of gas) |
| Bcfe | billion cubic feet equivalent |
| BIA | Bureau of Indian Affairs |
| BLM | Bureau of Land Management |
| BMP | Best Management Practice |
| BO | Biological Opinion |
| BOGC | Montana Board of Oil and Gas Conservation |
| BOPE | Blow-out Prevention Equipment |
| BOR | Bureau of Reclamation |
| CA | Communitization Agreement |
| CAA | Clean Air Act |
| CBNG | Coalbed Natural Gas |
| CDOW | Colorado Division of Wildlife |
| COA | Condition of Approval |
| COGCC | Colorado Oil and Gas Conservation Commission |
| COR | Contraction Officer's Representative |
| COTS | Commercial Off-the-Shelf |
| CRISP | Cultural Resource Information Summary Program |
| CRMTracker | Cultural Resource Management (Project) Tracking System |
| CWA | Clean Water Act |
| CX | Categorical Exclusion |
| DEQ | Department of Environmental Quality |
| DOA | Department of the Army |
| DOE | Department of Energy |
| DOI | Department of the Interior |
| DRO | (USACE) Durango Regulatory Office |
| EA | Environmental Assessment |
| EIS | Environmental Impact Statement |
| EPA | Environmental Protection Agency |
| EPRO | (USACE) El Paso Regulatory Office |
| ESA | Endangered Species Act |
| FIMO | Federal Indian Mineral Office |
| FLPMA | Federal Land Policy and Management Act of 1976 |
| FOGRMA | Federal Oil and Gas Royalty Management Act |
| FOIA | Freedom of Information Act |
| FONSI | Finding of No Significant Impact |
| FPL | Full Performance Level |
| FTE | Full-Time Equivalent |
| FTP | File Transfer Protocol |
| FY | Fiscal Year |
| GAP | Geographic Area Plan |

| | |
|---------|---|
| GIS | Geographic Information System |
| GJRO | (USACE) Grand Junction Regulatory Office |
| GWPC | Ground Water Protection Council (specifically state oil, gas, and energy commissions) |
| HCM | Human Capital Management |
| I&E | Inspection and Enforcement |
| IAFMSS | Indian AFMSS |
| IBLA | Interior Board of Land Appeals |
| IDT | Interdisciplinary Teams |
| IM | Instructional Memorandum |
| INC | Incident of Non-compliance |
| IT | Information Technology |
| JIO | Jonah Interagency Mitigation and Reclamation Office |
| LIE | Legal Instruments Examiner |
| LLE | Land Law Examiner |
| LR2000 | Legacy Rehost 2000 (BLM Land Record System) |
| Mcf | million cubic feet |
| MEPA | Montana Environmental Policy Act |
| MFWP | Montana Fish, Wildlife, and Parks |
| MIS | Management Information System |
| MMS | Minerals Management Service |
| MOU | Memorandum of Understanding |
| MRO | (USACE) Montana Regulatory Office |
| NEPA | National Environmental Policy Act |
| NHPA | National Historic Preservation Act |
| NIAFMSS | Non-Indian AFMSS |
| NMDGF | New Mexico Department of Game and Fish |
| NMOCD | New Mexico Oil Conservation Division |
| NMOGA | New Mexico Oil and Gas Association |
| NMSOM | New Mexico School of Mines |
| NFMC | (BLM) National Fluid Minerals Conference |
| NPDES | National Pollutant Discharge Elimination System |
| NPS | National Park Service |
| NRS | Natural Resource Specialist |
| NTC | National Training Center |
| OGOR | Oil and Gas Operation Report |
| OIM | Operator Initial Meeting |
| PAT | Production Accountability Technician |
| PE | Petroleum Engineer |
| PET | Petroleum Engineering Technician |
| PFI | Portable Field Inspection |
| POD | Plan of Development |
| PPA | Potential Project Areas |
| PRB | Powder River Basin |
| RBDMS | Risk-Based Data Management System |
| RCRA | Resource Conservation and Recovery Act |
| RDAWP | Remote Data Acquisition for Well Production |
| RMP | Resource Management Plan |
| ROD | Record of Decision |
| ROW | Right-of-Way |
| SCEP | Student Career Experience Program |
| SEIS | Supplemental Environmental Impact Statement |

| | |
|----------|---|
| SEO | State Engineer's Office |
| SHPO | State Historic Preservation Office(r) |
| SME | Surface Management Entity |
| SOP | Standard Operating Practice |
| STEP | Student Temporary Experience Program |
| SUPO | Surface Use Plans of Operation |
| T&E | Threatened and Endangered |
| UDWR | Utah Department of Wildlife Resources |
| UIC | Utah Indian Country |
| UPCD | Utah Partnership for Conservation and Development |
| USACE | United States Army Corps of Engineers |
| USDA | United States Department of Agriculture |
| USFS | United States Forest Service |
| USFWS | United States Fish and Wildlife Service |
| USFWS-ES | USFWS Ecological Service |
| WAPA | Western Area Power Administration |
| WGFD | Wyoming Game and Fish Department |
| WOGCC | Wyoming Oil and Gas Conservation Commission |
| WRNF | White River National Forest |
| WRO | (USACE) Wyoming Regulatory Office |
| WYPDES | Wyoming Pollution Discharge Elimination System |
| XML | Extensible Markup Language |

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CHAPTER 1 BACKGROUND — PILOT IMPLEMENTATION AND FRAMEWORK APPROACH

1.1 INTRODUCTION

This Year Two Report provides a progress report on the implementation of Section 365 of the Energy Policy Act of 2005 (the Act) in the seven pilot project offices (Appendix 1) with an increased focus on other federal agencies involved in the pilot project, including United States Fish and Wildlife Service (USFWS), United States Army Corps of Engineers (USACE) and United States Forest Service (USFS). The report is arranged into 6 chapters including the Introduction, Background, Pilot Funding and Staffing, Year Two Performance Results, Pilot Innovations, Issues and Recommendations, and Year Three Future Steps. An acronym list, glossary, and references section are included after Chapter 6.

The Appendix section of this report further contains: detailed documentation on Section 365 of the Act, a map showing the location of the pilot offices, the Memorandum of Understanding (MOU) between the federal agencies, pilot business process and procedures, data dictionaries for the pilot project performance measures, the performance measure attribute matrix, definitions of the performance measure attributes, the year two pilot performance measure results, and a report on selected energy offices by the BLM Human Capital Management (HCM) Directorate.

1.2 SECTION 365 OF THE ENERGY POLICY ACT

Section 365 directs the Secretary of the Interior to establish a federal permit streamlining pilot project in cooperation with the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA) and the Chief of Engineers (Appendix 1). The Act also states that the Secretary may also request the Governors of Wyoming, Montana, Colorado, Utah, and New Mexico to participate in the pilot project. The Act further specifies that the Bureau of Land Management (BLM) field offices in Rawlins and Buffalo, Wyoming; Miles City, Montana; Farmington and Carlsbad, New Mexico; Glenwood Springs, Colorado; and Vernal, Utah be part of the pilot project (Appendix 2).

The Act directs the Secretary of the Interior to enter in to a MOU with the USDA, EPA, and the Chief of Engineers, and states the Secretary may request that the Governors of Wyoming, Montana, Colorado, Utah and New Mexico be signatories to the MOU (Appendix 3). The MOU was to be prepared and signed within 90 days after the Energy Policy Act was enacted on August 8, 2005. The MOU was signed on October 24, 2005.

The Act requires that no later than three years after enactment, the Secretary of the Interior shall submit a Report to Congress that outlines the results of the pilot project to date and makes a recommendation to the President regarding whether the pilot project should be implemented throughout the United States.

1.3 INTERAGENCY MOU OVERVIEW

Beginning in August 2005, the Secretary of the Interior initiated discussions with the USDA, the EPA, and the USACE to prepare and sign a federal interagency MOU. The participating agencies in these Departments include the following:

- Department of the Interior (DOI)

- BLM
- U.S. Fish and Wildlife Service (USFWS)
- Bureau of Indian Affairs (BIA)
- Minerals Management Service (MMS)
- Bureau of Reclamation (BOR)
- Department of Agriculture (USDA)
 - U.S. Forest Service (USFS)
- Department of the Army (DOA)
 - U.S. Army Corps of Engineers (USACE)
- U.S. Environmental Protection Agency (EPA).

The MOU is to establish policies and procedures to implement Section 365 and establish a federal permit streamlining pilot project to improve the efficiency of processing oil and gas use authorizations on federal lands. The Act requires that within 30 days after the date of signing of the MOU, all federal signatory parties shall, if appropriate, assign to each of the pilot project offices identified, an employee with expertise in the regulatory issues relating to the employee's office. The Act also requires that newly assigned pilot office employees report to the BLM Field Manager in the assigned pilot project office not later than 90 days after the date of assignment. The Act also requires the Secretary of the Interior to assign to each pilot project office any additional personnel necessary to ensure the effective implementation of the pilot project and other related programs administered by the field office, including oil and gas inspection and enforcement (I&E) activities related to energy development on federal lands.

The MOU agreement, signed on October 24, 2005, represents an expression of intent among the signing parties to work together to further the objectives of Section 365 of the Act, with specific emphasis on developing a multi-agency pilot project to aid in the streamlining and coordinating of federal permit processing for onshore oil and gas operations on federal lands. The MOU also clearly lays out the roles, responsibilities, and authorities for each of the participating agencies and identifies the high-level measures of success for the pilot offices. The MOU is contained in Appendix 3.

The participating agencies and parties agreed to several key principles for implementing this MOU:

- The pilot project offices will initially focus on interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on federal lands.
- The pilot project offices will maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands.
- Process streamlining and increased interagency efficiency, including elimination of duplication between federal and state agencies, will be an important measure of success.
- All participating agencies will seek improved information sharing and use, as well as an improved understanding of respective agency roles and responsibilities.
- An important measure of success will be the increased ability to process applications for permit to drill (APD) in a more timely manner.
- A more rapid response to demands for oil and gas production on federal lands will support the nation's increased need for energy resources.
- A more consistent approach among BLM field offices, and greater certainty in processing time requirements, are essential for improved customer service.
- The financial resources made available through Section 365 should be used to enhance the capability to process oil and gas use authorizations, not as a replacement for base agency resources and responsibilities.
- Interagency coordination mechanisms established through the pilot project should allow for adequate flexibility to adapt to changing demands and technologies related to oil and gas development.

- Coordination with state agencies with expertise and responsibilities related to oil and gas use authorizations are an important component of a successful pilot project.
- All permitting actions in the pilot offices are expected to promote responsible stewardship of federal subsurface and surface resources.

The following are the goals for implementing the MOU:

- Creation of better staff relationships among the participating agencies to improve performance of the pilot offices
- Placement of participating agency resources in locations that most effectively promote timely processing of APDs and associated agency approvals
- Focus of appropriate BLM resources on I&E activities
- Identification of new or improved interagency practices that should be used in other offices
- Identification of new or improved ways to increase the efficiency of the APD process
- Testing of a variety of process improvement concepts in the pilot offices
- Preparation of a comprehensive report to Congress that clearly identifies the lessons learned in the pilot offices
- Establishment of interagency coordination mechanisms that can adapt to changing demands or circumstances
- Measurement of increases in productivity resulting from additional resources provided through Section 365 of the Act
- Identification of state agency coordination opportunities that could result in improved processing of oil and gas authorizations.

1.4 PARTICIPATING FEDERAL AGENCIES

The following sections contain descriptions of the participating agencies' responsibilities during the pilot project. The responsibilities are based on the MOU found in Appendix 3.

1.4.1 Department of the Interior

1.4.1.1 Bureau of Land Management

The BLM is the primary agency responsible for administering the pilot project. In this capacity, BLM will—

1. Provide office space and general administrative support to other participating agency personnel assigned to the pilot offices
2. Establish oil and gas use authorization priorities to effectively coordinate interagency efforts
3. Coordinate periodic interagency contacts and meetings among the participating agencies to assess progress and resolve issues
4. Distribute funds to agencies participating in the pilot project
5. Prepare, in cooperation with the participating agencies, the required report to Congress
6. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
7. Evaluate its APD process and work with the other participating agencies to improve its efficiency
8. Oversee the implementation of the MOU to ensure that the principles and goals of the MOU and the pilot project are achieved.

1.4.1.2 Fish and Wildlife Service

The USFWS is responsible for ensuring that environmental conservation is given full weight from project planning to implementation in the oil and gas permitting process. To fulfill this responsibility, USFWS uses a number of federal statutes, executive orders, regulations, and policies including the following:

- Fish and Wildlife Act
- Fish and Wildlife Coordination Act
- Clean Water Act (CWA)
- Migratory Bird Treaty Act
- Bald and Golden Eagle Protection Act
- National Environmental Policy Act (NEPA)
- Endangered Species Act (ESA).

Through these efforts, the USFWS seeks to ensure that impacts to fish and wildlife resources are adequately described and that mitigation needs are met. In particular, Section 7 of the ESA of 1973, as amended (Section 7), requires that federal agencies ensure that the actions they authorize, fund, or carry out are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their designated critical habitat. As a result, federal regulatory agencies identified by Section 365 of the Act are required to consult with the USFWS on projects potentially affecting any of these resources.

During the pilot project, USFWS will—

1. Assign appropriate USFWS staff to assist and support BLM pilot offices, as appropriate
2. Work in an integrated manner with the appropriate BLM field office to expedite necessary consultation and coordination procedures, including those required pursuant to Section 7 of the ESA
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
4. Assist BLM, as needed, in other components of the oil and gas management program on federal lands, including Section 7 monitoring
5. Coordinate its requisite reviews and integrate its decision-making processes with the various BLM processes, including land use planning (including development or revision of Resource Management Plans [RMP]), oil and gas leasing, and issuance of drilling permits. This integration will facilitate the development of new processes and procedures that will help to reduce uncertainty at the APD stage, resulting in substantially streamlined final reviews
6. Expedite its review of APDs, while concurrently engaging with BLM as a member of its land use planning team.

1.4.1.3 Bureau of Indian Affairs

The BIA is responsible for the administration and management of land held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. During the pilot project, the BIA will—

1. Assign appropriate BIA staff to the BLM Farmington Field Office
2. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with Navajo interests in the Navajo split estate (federal mineral ownership) area
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations

4. Assist BLM, as requested, in other components of the oil and gas management program on federal lands or subsurface mineral estate.

1.4.1.4 Minerals Management Service

The MMS will be responsible for transferring 50 percent of the onshore Mineral Leasing Act rental income from the United States Treasury to the BLM Permit Processing Improvement Fund, established by Section 365(g) of the Act, for the administration of the pilot project offices.

1.4.1.5 Bureau of Reclamation

Through an existing national interagency agreement, dated March 25, 1983, the BLM Carlsbad and Farmington field offices lease and approve APDs on BOR lands. During the pilot project, BOR will—

1. Assign appropriate BOR staff to support the BLM Carlsbad and Farmington field offices
2. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with BOR responsibilities
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations.

1.4.2 Department of Agriculture

1.4.2.1 U.S. Forest Service

The USFS cooperates with BLM to ensure that management goals and objectives for oil and gas exploration and development activities on USFS lands are achieved, that operations are conducted to minimize effects on surface resources, and that the land affected by operations is rehabilitated. BLM issues and administers oil and gas leases on USFS lands only after the USFS has made a leasing availability decision and taken the action necessary for BLM to offer available lands for lease. When a federal lease on USFS lands is issued, the USFS has full responsibility and authority to approve and regulate all surface-disturbing activities associated with oil and gas exploration and development through analysis and approval of the Surface Use Plan of Operations (SUPO), a component of an APD.

During the pilot project, the USFS will—

1. Assign to each pilot office that includes USFS lands an employee to work in partnership with BLM. This employee will be responsible for facilitating the timely processing, implementation, and inspection of oil- and gas-related permits on USFS lands. Duties of this employee will include—
 - a. Providing a communication link between the BLM pilot office and the local USFS office
 - b. Assisting in determining skills and personnel the USFS must provide to ensure efficient and timely processing of requests for leases, Surface Use Plans of Operations, and associated project proposals
 - c. Serving as project manager for proposed oil and gas projects on USFS lands, including leasing analyses, APDs, pipelines, roads, and other projects required for the development of oil and gas resources
 - d. Assisting in coordinating and conducting field reviews of proposed oil and gas projects on USFS lands, including onsite reviews
 - e. Ensuring that oil- and gas-related permit applications on USFS lands are processed in compliance with the requirements of Section 366 of the Act and BLM's Onshore Order No. 1

- f. Ensuring that inspections of all oil and gas drilling and producing operations on USFS lands are carried out yearly and that remedial actions are taken when operations are not in compliance with surface use plans, applicable land management plans and RMPs, and/or statutory and regulatory requirements.
2. Develop an action plan within 4 months of the establishment of the pilot offices. The action plan will—
 - a. Identify internal process challenges and propose process efficiencies
 - b. Establish USFS procedures for conducting permitting, and administration of oil and gas operations on USFS lands covered by the pilot offices.
3. Within 6 months of the establishment of the pilot offices, review pending projects (APD backlog) on USFS lands covered by the pilot project, designate time frames and checkpoints for progress on active projects, and identify those that are inactive and can be removed from consideration
4. Twice yearly, report via the Pilot Project Liaison, to the Forest Supervisor and BLM Field Manager successes and challenges associated with the pilot project and make recommendations to improve efficiencies and cut time frames for processing APDs on USFS lands. The report will also include an estimate of the number of pending lease applications and APDs, and progress on I&E operations on USFS lands.

1.4.3 Department of the Army

1.4.3.1 U.S. Army Corps of Engineers

The USACE is responsible for administering laws for the protection and preservation of waters of the United States, pursuant to a number of federal statutes, executive orders, regulations, and policies including—

- Rivers and Harbors Act
- CWA
- Marine Protection, Research, and Sanctuaries Act.

During the pilot project, the USACE will—

1. Expedite environmental permits in accordance with the purpose, terms, and conditions of the MOU
2. Consult with BLM regarding an adjustment of priorities under the MOU or establishment of relative priorities under the MOU if the current and/or projected workload of priority projects and activities exceeds the USACE's ability to provide the services specified in the MOU
3. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with USACE responsibilities
4. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
5. Assist BLM, as requested, in other components of the oil and gas management program
6. Provide BLM with an annual summary report of progress made under the MOU. This report will describe achievements, including any improvements the USACE has documented in coordinating and improving the efficiency of environmental reviews and will summarize expenditures to date. The report also will identify any recommendations for improving consultation and coordination among the parties to this MOU.

1.4.4 Environmental Protection Agency

The EPA is responsible for administering a wide range of environmental laws relevant to the oil and gas development permitting process. Responsibilities include commenting on an Environmental Impact Statement (EIS) under Section 309 of the Clean Air Act (CAA), the authority to participate in the Section 404 CWA permit process, and the authority to issue and/or review state- and tribe-issued permits for activities that involve discharges of pollutants subject to the requirements of the National Pollutant Discharge Elimination System (NPDES) or the CAA. During the pilot project, EPA will—

1. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination related to EPA responsibilities
2. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
3. Assist BLM, as requested, in other components of the oil and gas management program
4. Continue general coordination and consultation with BLM on oil and gas activities on federal lands
5. Conduct annual coordination reviews with BLM to analyze changing workloads and processes to determine whether review or process changes are appropriate to achieve greater efficiency in the processing of oil and gas use authorizations.

1.5 PARTICIPATING STATE AGENCIES

1.5.1 State Departments of Environmental Quality

A state department of environmental quality (DEQ) is found in each of the pilot office states, with the responsibility for enforcing the CAA, the CWA, the NPDES, the Environmental Quality Act, the Resource Conservation and Recovery Act (RCRA), the Super Fund Amendments and Title III Reauthorization Act (SARA), and the Federal Surface Mining Reclamation and Control Act. These agencies play a key role in the permitting and regulation of actions required in the development of oil and gas on public lands. Therefore, BLM coordinates and cooperates with these agencies to protect, sustain and improve a clean and healthy environment in permitting energy development.

1.5.2 State Game and Fish Agencies

State game and fish agencies are responsible for the management, protection, regulation, and conservation of the state's wildlife populations. In response to their wildlife responsibilities, BLM participates with the wildlife agencies to protect, improve, and manage the habitats found on public lands. With the potential for oil and gas development to adversely impact wildlife habitats, BLM coordinates and cooperates with these agencies to reduce or eliminate the impacts to wildlife from energy development.

1.5.3 State Historic Preservation Offices

In 1966 the National Historic Preservation Act (NHPA) authorized each state to establish a State Historic Preservation Office (SHPO), with responsibility to draft and implement a statewide preservation plan, assist certified local governments in local preservation planning, review *National Register* nominations, and provide technical guidance for education and community outreach professionals. One of the most important functions of SHPO as outlined in NHPA is Section 106 review. Section 106 requires all federal agencies to consult with SHPO when historic properties on federal lands are in danger of being adversely affected. Section 110 mandates all federal agencies to locate, inventory, and nominate historic properties

to the National Register. With this legislative mandate, BLM consults with the SHPO where surface disturbance from oil and gas development adversely impacts cultural resources. This has resulted in BLM and the SHPO developing cooperative agreements and other relationships in the pilot office states to establish protocols to protect and manage these important national resources.

1.5.4 State Oil, Gas, and Energy Commissions

Each of the pilot office states has a state commission that promotes the protection, conservation, management, and responsible development of oil, gas, and associated natural resources. BLM collaboratively works with these state commissions with regard to well permitting, reservoir management, and I&E activities. This includes the sharing of personnel and Information Technology (IT) resources and data to the benefit of both agencies.

1.5.5 State Colleges and Universities

State colleges and universities within the pilot office states provide a wealth of academic research, study data, and availability of student employee resources (i.e., Student Career Experience Program [SCEP]/ Student Temporary Experience Program [STEP]) that benefit the development and use of best practices for protecting and managing the public land resources. As a result, BLM reaches out to these entities to use the best science available in permitting and developing oil and gas resources.

1.6 PILOT BUSINESS PROCESSES AND PROCEDURES

Appendix 4 (Pilot Business Process and procedures) provides a description of the BLM APD, Right-of-Way (ROW), Sundry Notice, and I&E processes. A simplified flow chart is included that briefly summarizes the steps involved with the authorization of oil and gas activities, starting with an overview of BLM/USFS land use planning and ending with an explanation of the reclamation of lands associated with abandoned oil and gas facilities.

1.7 COMPLETION OF PILOT PERFORMANCE ASSESSMENT FRAMEWORK AND APPROACH

1.7.1 Year One Project Plan and Methodology

To implement the pilot project in year one, a detailed project plan was developed that included key tasks, activities, deliverables, and major milestones (associated with the performance measures development). The Year One Project Plan was updated throughout the project's duration to reflect changes in project schedule. Table 1 contains a description of the major project phases in year one.

Table 1. Key Year One Pilot Project Phases and Timeline

| Project Phase | Purpose | Date |
|---|---|--------------------------|
| Collect Baseline Information on APD and I&E Processes | Collect, review, and analyze available information and data to establish baselines for the APD and I&E processes and current performance measures | January to February 2006 |

| Project Phase | Purpose | Date |
|---|--|--------------------------|
| Develop Performance Measure Framework and Initial Performance Measures | Design performance measures framework that aligns goals and objectives of Section 365 to specific pilot project performance measures | January to March 2006 |
| Conduct Washington Office Pilot Project Implementation Status Briefings | Inform leadership of BLM and participating pilot project agencies of year one progress | March 2006 |
| Conduct Pilot Project Office Site Visits | Baseline implementation of the pilot project in each pilot office for year one and collect feedback on proposed performance measures | April to May 2006 |
| Write Site Visit Reports | Document key findings and observations from each site visit to capture and share best practices | June to September 2006 |
| Refine Performance Measures Based on Field Office Feedback | Update initial performance measures based on feedback received during pilot project office site visits | June to August 2006 |
| Prepare Year One Progress Report | Document pilot project implementation progress and key accomplishments for year one | August to September 2006 |

1.7.2 Data Gathering Sources and Approach

The MOU provided the path for agency coordination by identifying roles, responsibilities, and delegation of authority for each agency. This formed the basis for establishing the pilot offices and recruit personnel that would increase the capability of each office. With establishment of the pilot offices, it was necessary to develop performance measures that would determine the success of the project. To establish the measures, Booz Allen Hamilton was hired to assist in developing and monitoring measures that would be quantifiable throughout the 3-year study period.

1.7.2.1 Review of BLM Documentation

During year one, data were collected, reviewed, and analyzed from a number of different sources to develop an understanding of the permit process for oil and gas wells and the I&E processes and to develop an initial understanding of the current performance measures used by BLM and other federal agencies to monitor and track the APD and I&E processes. The sources include data, information, and documentation collected from BLM and other federal agencies participating in the pilot project. The types of BLM documentation collected include—

- Business Process Documentation
 - APD Process
 - I&E Process
 - NEPA Process
 - Pilot Office-specific Documents
- Performance Measures Documents
- Operator Guidebooks
- Interagency Agreements and MOUs
- Budget and Cost Data and Documents
- Pilot Project Background and Other Documentation.

This documentation was reviewed and analyzed throughout year one.

1.7.2.2 Washington Office Briefings

In March 2006, several senior-level briefings were conducted in Washington, DC, with representatives from BLM and the other participating agencies. These briefings reviewed the status of the pilot project's implementation and presented the initial performance measures framework and performance measures. During these briefings, the project team received feedback on the planned site visits as well as the performance measures.

1.7.2.3 Agency Leadership Visits

Starting in March 2006, the BLM Director accompanied by senior management from the federal partner agencies, visited all of the pilot offices to—

- Stress to the staff the importance of the pilot project and to demonstrate the Director's support and commitment to making the pilot project a success
- Challenge the pilot offices to be innovative and to lead the way in interagency coordination and process streamlining
- Gain first-hand knowledge of the issues the offices were facing and let the staff know that the BLM would seek solutions to the issues that were raised
- Demonstrate commitment to interagency collaboration by having senior leaders from the federal partners also participate on the visits
- Reach out to the media about the pilot project.

1.7.2.4 Senate Hearings

On June 27, 2006, the U.S. Senate Committee of Energy and Natural Resources held a full committee hearing in Washington, DC, on the implementation of the Act's provisions for Section 365. At this hearing, the BLM Director and the USFWS Director, reported to the Committee on key accomplishments of the pilot project, including the interagency MOU, staffing and hiring efforts, and coordination at the state level. Also testifying at this hearing were representatives from the State of Wyoming, petroleum operators, and public lands advocates. The Committee also received testimony and analysis from an outside consulting firm (Advanced Resources International, Inc.) on the potential impacts of the pilot project. Analytical results demonstrated that significant benefits could result from the pilot project over a 5-year period, including—

- Increases in production, up to 1,000 billion cubic feet-equivalent (Bcfe)/year and reserves
- Significant incremental economic value (of up to \$20.4 billion) and greater royalties
- Increases in jobs (peaking at slightly more than 14,000 per year).

The analysis also identified several challenges facing the implementation of the pilot project, including rig availability, possible pipeline constraints, hiring of APD-knowledgeable staff, and issues relating to land access.

1.7.2.5 Pilot Office Site Visits

During April through May 2006, Booz Allen and BLM staff conducted a 2-day visit to each of the seven pilot offices. These visits were to solicit pilot office input on recommended performance measures with emphasis on interagency process improvement, to verify and refine measures, and to initiate performance data collection. From the data gathered at the site visits, reports were prepared encompassing the following:

- An overview of the pilot office, including a description of current unique factors
- Recent pilot office APD, sundry notice, associated ROW, and I&E annual performance statistics
- Summaries of ongoing federal and state government interagency collaboration
- Key observations of the pilot project office interviews that were conducted for respective job functional groups
- Key observations of the pilot project office's innovative best management practices (BMP), needed or in-house developed improvements in hardware and software application, and important issues.

1.8 ESTABLISHMENT OF PILOT PERFORMANCE MEASURES AND METHODOLOGY

BLM contracted Booz Allen to develop an initial performance measurement system and measures framework for the pilot project. The purpose of the performance measures development effort was to identify a set of measures that were specifically integrated with pilot project goals and objectives, limited to a critical few that were considered essential for generating data for decision-making, responsive to multiple priorities, established accountability for results among the participating pilot project offices and agencies, and were based on data that are accurate, consistent, and cost-effective to collect and analyze.

1.8.1 Detailed Pilot Performance Measures

To develop the performance measures, Booz Allen followed a four-step process which consisted of—

1. Define pilot project measurement scope
 - a. Achieve consensus with BLM on key aspects of pilot project mission, vision, goals, and objectives
 - b. Document and categorize existing BLM measures into a measures framework and align to goals
2. Design performance measures
 - a. Identify measures gaps and brainstorm new measures
 - b. Filter measures using “good measures tests” to achieve an ideal measures set
 - c. Create a preliminary measures catalog (includes definitions, formulas, data needs, periodicity)
3. Test and refine initial measures
 - a. Visit pilot project offices and other stakeholders to communicate measures and gather feedback
 - b. Adjust measures and obtain BLM leadership buy-in
4. Identify implementation needs
 - a. Establish measure-specific processes to collect measures data and generate performance reports
 - b. Monitor task performance and measure appropriateness
 - c. Constantly readjust and improve measures and processes.

The following sections describe the key activities, processes, and outputs of each step in the overall pilot project performance measures development approach.

1.8.1.1 Define Pilot Measurement Scope

The first step in defining potential performance measures was to review key program documents, including the Section 365 language as well as the October 2005 Interagency MOU, to fully understand the key pilot project principles, goals, and required measures. These goals and objectives were then used to develop a performance management framework consisting of four distinct performance categories as shown in Table 2. The purpose of the framework was to create a structure that translates the pilot's goals and objectives into measures.

Table 2. BLM Pilot Project Performance Categories and Descriptions

| Performance Category | Description |
|------------------------------------|--|
| Increase Interagency Collaboration | Measures the effective coordination and cooperation among permit stakeholder agencies |
| Improve Business Processes | Measures the functional performance of processes and underlying activities for granting federal permits |
| Improve Stakeholder Responsiveness | Measures the functioning of employees and business processes by focusing on key stakeholders |
| Improve Financial Accountability | Uses budgetary resources effectively by ensuring targeted investments and promoting ownership of investments |

Specific goals and objectives from Section 365 and the MOU were aligned against the four performance categories to create the performance measurement framework depicted in Table 3.

Table 3. Alignment of Pilot Project Goals and Objectives to Performance Categories

| Increase Interagency Collaboration | Improve Business Processes | Improve Responsiveness to Stakeholders | Improve Financial Accountability |
|--|---|--|---|
| <ul style="list-style-type: none"> • Increase efficiency by identifying and implementing new or improved interagency collaborative practices • Improve interagency data sharing and utilization • Assess the effectiveness of a variety of interagency process improvements • Enhance working relationships among participating agencies | <ul style="list-style-type: none"> • Increase pilot office resources to process APDs, sundry notices, and ROWs in a more timely and consistent manner • Increase pilot office resources to improve I&E activities • Improve pilot office productivity and flexibility by adopting improved APD, sundry notice, ROW, and I&E business processes | <ul style="list-style-type: none"> • Create greater certainty in permit processing time using more consistent permitting processes amongst offices • lessen decision appeals or litigation by maintaining high standards for permitting, compliance, and environmental protection • Promote responsible stewardship of federal subsurface and surface resources | <ul style="list-style-type: none"> • Place Section 365 funding resources where they will provide the best return • Determine most effective use of funding by assessing business processes, time, and resources expended • Identify and apply best business practices where most beneficial for the desired return |

1.8.1.2 Design Performance Measures

In this step, data were collected from a number of BLM sources to create an inventory of performance measures used in the APD and I&E processes. These data were analyzed and applied to the measures framework, designed in the previous step, to align current measures with the pilot project's goals and objectives. During the alignment process, gaps were identified in the current measures, which were addressed by identifying and designing new candidate measures.

When the existing measures were placed into the proposed framework, a “good measures test” was applied to determine whether each measure provided insight into, or enhanced understanding of, how well the APD process and I&E process were being managed with respect to the pilot project's goals and objectives. The good measures test was also used to identify measures for the critical activities involved in the APD and I&E processes. For the pilot project, critical activities are those that significantly impact the total APD application process as well as BLM's management priorities and strategic goals.

After unsuitable candidate measures were excluded from the set, replacement measures were identified that better fit the pilot project's goals and objectives and contributed to providing a more holistic view of pilot project performance. The initial proposed measures set was then documented in a measures catalog that included key measures metadata including the measure name, alignment to specific pilot project goals and objectives, calculation formulas, periodicity, and other key data elements. Appendix 5 contains the completed data dictionaries for the pilot project.

1.8.1.3 Test and Refine Initial Measures

After development, the initial measures were evaluated through a series of pilot office site visits. Each pilot project office was visited, and the measures set was presented for review and comment. Input and feedback was received on the measures through interviews from a cross-functional set of personnel in each pilot office consisting of managers, supervisors, APD and I&E functional specialists, and other pilot office staff. Using the feedback from the site visits, the initial measures set was refined to complete the measures design process. Table 4 lists the final set of performance measures that will be used initially for the pilot project.

Table 4. Pilot Project Performance Measures by Performance Category

| Pilot Performance Measures | | |
|---|---|---|
| # | Measure | Measure Description |
| Increase Interagency Collaboration | | |
| 1.1 | Number of well permits requiring interagency consultation | Number of federal APD well permits that require formal consultations from one or more pilot project participating agencies |
| 1.2 | Elapsed time to complete the consultation | Average number of days a participating pilot project agency takes to complete its consultative review as part of a federal permit application |
| 1.3 | Number of programmatic consultations completed | Number of programmatic consultations completed by each participating pilot project agency |
| 1.4 | Number of process improvement ideas implemented | Number of process improvement ideas implemented during the pilot project period to enhance efficiency of the interagency work |

| Pilot Performance Measures | | |
|---|---|---|
| # | Measure | Measure Description |
| 1.5 | Estimated dollar amount saved by the new processes | Measure of the direct and indirect dollar savings in allocated budgetary resources and employee level of effort every 3 months resulting from new or enhanced processes within the pilot project participating agencies |
| Improve Business Processes | | |
| 2.1 | Number of APDs received | Number of federal APDs received by a pilot office as reported on APD.22—APD Status Report |
| 2.2 | Number of APDs processed | Number of federal APDs processed by a pilot office as reported on APD.22—APD Status Report. APDs processed can be either approved or have other disposition. Final disposition can be either approved or otherwise acted upon |
| 2.3 | Number of APDs approved | Number of federal APDs approved by a pilot office as reported on APD.22—APD Status Report. APDs processed can be either approved or other disposition |
| 2.4 | Number of APDs pending | Total number of federal APDs that are classified as work in progress and/or have not been approved |
| 2.5 | Number/Percentage of APDs approved within 30, 60, 90, 120 and beyond 120 day time frames | Number/Percentage of APDs approved within 30, 60, 90, 120 and beyond 120 day time frames |
| 2.6 | Average APD processing time | Average federal APD processing time from date of receipt of a completed APD until date of final disposition by BLM |
| 2.7 | Number of wells drilled | Number of federal wells drilled within a pilot office as reported on APD.22—APD Status Report. APDs processed can be either approved or other disposition |
| 2.8 | Number of sundry notices received | Number of federal sundry notices received by a pilot office |
| 2.9 | Number of sundry notices processed | Number of federal sundry notices processed by a pilot office |
| 2.10 | Number of ROW applications received | Number of ROW applications received by a pilot office (for oil and gas related ROWs) |
| 2.11 | Number of ROW applications processed | Number of ROW applications processed by a pilot office (for oil and gas related ROWs) |
| 2.12 | Number of NEPA analyses conducted (e.g., Environmental Assessments [EA], EISs, categorical exclusions [CX]) | Number of CXs conducted for NEPA analysis or surface use plans |
| 2.13 | Number of inspections performed | Number of federal inspections performed by a pilot office as reported on IEP.49 Report |
| 2.14 | Percentage of I&E strategy accomplished | Percentage of I&E federal strategy accomplished. See first page of IEP.49 Report, Percentage of Planned YTD |
| 2.15 | Amount of under-reported gas/oil production (volume) | Volume estimates of under-reported oil or gas produced by operators on federal land through APDs |
| Improve Stakeholder Responsiveness | | |
| 3.1 | Number of outreach meetings conducted | Number of outreach meetings conducted per pilot project office |

| Pilot Performance Measures | | |
|---|---|--|
| # | Measure | Measure Description |
| 3.2 | Percentage of permits where preplanning, pre-permit/pre-application support is conducted with project proponent | Percentage of total federal permits processed where preplanning support was conducted |
| 3.3 | Number of decision appeals completed | Number of decision appeals completed per pilot project office, including BLM State Director appeals, Interior Board of Land Appeals (IBLA), and federal court cases |
| 3.4 | Percentage of leases inspected in substantial compliance with applicable standards | Percentage of federal leases inspected in substantial compliance with applicable standards as reported on IEP.13 and IEP.48 |
| 3.5 | Number of environmental I&E violations | Number of federal environmental violations in pilot project offices |
| 3.6 | Percentage of environmental violations corrected within statutory time frames | Percentage of federal environmental violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour, 30-, 60-, or 90-day correction time frames |
| 3.7 | Number of technical I&E violations | Number of federal technical violations as reported on IEP.49 and IEP.60 |
| 3.8 | Percentage of technical violations corrected within statutory time frames | Percentage of federal technical violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour, 30-, 60-, or 90-day correction time frames |
| Improve Financial Accountability | | |
| 4.1 | Unit cost per APD | Average unit cost to process a federal APD |
| 4.2 | Unit cost per sundry notice | Average unit cost to process a federal sundry notice |
| 4.3 | Unit cost per ROW | Average unit cost to process a ROW (for oil and gas related ROWs) |
| 4.4 | Unit cost per inspection | Average unit cost to conduct a federal inspection |

1.8.1.4 Identify Implementation Needs

In the final step, a Performance Measures Attribute Matrix (Appendix 6) was developed that identifies, for each performance measure, the most critical data views and performance data drill-downs to analyze and report on the pilot project's results. For each measure, it was also determined whether the data would be collected through automated/electronic or manual processes. The definitions of the measures' attributes are contained in Appendix 7.

Also developed was a data collection approach for the pilot project that included designating data collection points of contact for each pilot project office and participating federal agency, and developing procedures and processes for collecting data for pilot project performance reports.

1.9 PILOT PERFORMANCE ASSESSMENT APPROACH

1.9.1 Year Two Project Plan and Methodology

To support the pilot project during year two, the Year One Project Plan was revised to include four specific tasks for year two. The tasks are shown and described in Table 5.

Table 5. Year Two Project Plan

| Task | Task Description/Purpose | Date |
|---|--|----------------------------|
| Define/Refine Interagency Performance Measures with BLM Pilot Offices/Partners | <ul style="list-style-type: none"> Review and validate the current set of proposed pilot project performance measures and reporting capabilities with identified representatives Document refinements in detailed data dictionaries | March to May 2007 |
| Provide Support for the Development of a BLM Washington Office Instructional Memorandum (IM) and Develop the Instructional Memorandum (IM) in coordination with the pilot offices | <ul style="list-style-type: none"> Develop reference documentation for IM Provide follow-up support to the pilot offices with respect to completing the data call requests | April to June 2007 |
| Collect, Integrate, Analyze and Support Access to BLM and Interagency Performance Measures and Innovations | <ul style="list-style-type: none"> Conduct a data call to collect automated and non-automated data Prepare an integrated performance measures report for the pilot offices and participating agencies using FY07 data Conduct a pilot project interim results review meeting with pilot office and stakeholders Provide technical assistance to support electronic access of BLM and interagency performance information | June to October 2007 |
| Develop Year Two Progress Report and Conduct Project Briefings | <ul style="list-style-type: none"> Draft a Year Two Progress Report based on the outline and information that will be included in the Year Three Report to Congress Finalize the Year Two Progress Report after obtaining participating agency, BLM pilot state and pilot office report review comments and suggested revisions Provide Year Two Progress Report-related support for pilot project briefings | September to December 2007 |

The year two major tasks were to refine the interagency measures, confirm/modify data sources, develop data collection and reporting processes, and to create the Year Two Report.

1.9.2 Refinement of Interagency Collaboration Performance Measures

Year two performance measures focus primarily on interagency collaboration, environmental compliance, and improved resource stewardship. Year two tasks include validating the proposed measures set and developing data collection and reporting processes by including not only BLM pilot offices but also USFS, USFWS, and USACE in the pilot.

The pilot project reviewed the proposed measures with the agencies in detail and obtained feedback from them on the proposed measures and attributes. Further, the pilot project developed an understanding regarding the role of these agencies in the pilot project to examine their linkages with pilot project performance. Finally, we identified measures specific to each agency that would convey agency-specific aspects of pilot performance relevant to permitting, to add to the original proposed measures list. This resulted in a list of relevant measures to measure pilot project performance, as shown in Table 6.

Table 6. FY07 Performance Measures (Including Interagency Refinements)

| Number | Measure | Measure Description |
|---|---|--|
| Increase Interagency Collaboration | | |
| 1.1 | Number of BLM permits (APD, ROW, Sundry, POD) requiring interagency coordination / review | Number of federal permits (APDs/ROWs) that require formal consultations from one or more pilot project participating agencies |
| 1.1.USACE-1 | Number of USACE Regulatory Actions in support of Federal Oil & Gas permitting | Number of regulatory actions relating to S. 404 permits or other permitting activity that require formal consultations from USACE |
| 1.1.USFWS-1 | Number of permits requiring interagency coordination / review - subdivided by agency review (NEPA) and consultations under the ESA | Number of federal permits (APDs/ROWs) that require formal, informal or no consultations from USFWS |
| 1.1.1 | Number of NEPA Reviews requiring interagency consultation, by EA, CX, AD and DNA | Number of NEPA reviews requiring interagency consultation, by EA, CX, AD, and DNA |
| 1.2 | Average elapsed time to complete the interagency reviews associated with NEPA actions, by EA, CX, AD and DNA | Average number of days a participating pilot project agency takes to complete its consultative review as part of a federal permit application |
| 1.2.USACE-1 | Average elapsed time to complete USACE Regulatory Actions in support of Federal Oil & Gas permitting | Average number of days for regulatory actions relating to S. 404 permits or other permitting activity that require formal consultations from USACE |
| 1.2.USFWS-1 | Average elapsed time to complete permitted Federal actions requiring interagency coordination / review - subdivided by agency review (NEPA) and consultations under the ESA | Average number of days for number of federal permits (APDs/ROWs) that require formal, informal or no consultations from USFWS |
| 1.3 | Number of programmatic coordinations / reviews completed for BLM permits (APD, ROW, Sundry, POD) | Number of programmatic consultations completed by each participating pilot project agency |
| 1.3.USFWS-1 | Number of programmatic analyses requiring interagency NEPA review | Number of programmatic consultations completed by USFWS |
| Improve Business Processes | | |
| 2.1 | Number of APDs received | Number of APDs received by Pilot offices as reported on APD.22—APD Status Report |
| 2.2 | Number of APDs processed | Number of federal APDs processed by Pilot offices as reported on APD.22—APD Status Report. APDs processed can be approved or have other disposition. Final disposition can be approved or otherwise acted upon |

| Number | Measure | Measure Description |
|----------------------------|--|---|
| 2.3 | Number of APDs approved | Number of federal APDs approved by Pilot offices as reported on APD.22—APD Status Report |
| 2.4 | Number of APDs pending | Total number of APDs that are classified as work in progress and/or have not been approved |
| 2.5.1 | Number/Percentage of APDs approved within 30, 60, 90, 120 and beyond 120 day time frames | Number/Percentage of APDs approved within 30, 60, 90, 120 and beyond 120 day time frames |
| 2.6 | Average APD processing time | Average APD processing time from date of receipt of a completed APD until date of final disposition by BLM |
| 2.6.1 | Average APD approval time | Average APD approval time based on time as measured: (a) from date of receipt of APD application until date of approval by BLM, and (b) from date of receipt of a completed APD until date of approval by BLM |
| 2.7 | Number of wells drilled | Number of wells that have been drilled based on federal APDs approved by Pilot offices, as reported on APD.22—APD Status Report |
| 2.8 | Number of Sundry notices received | Number of sundry notices received by Pilot offices |
| 2.9 | Number of Sundry Notices processed | Number of sundry notices processed by Pilot offices |
| 2.1 | Number of ROW applications received | Number of ROW applications received by Pilot offices (for oil- and gas-related ROWs) |
| 2.10.1 | Number of ROWs approved | Number of ROW applications approved by a Pilot office (for oil- and gas-related ROWs) |
| 2.11 | Number of ROW applications processed | Number of ROW applications processed by a Pilot office (for oil- and gas-related ROWs) |
| 2.12 | Number of NEPA analyses conducted | Number of NEPA analyses conducted for NEPA analysis or surface use plans |
| 2.12.USACE-1 | Number of NEPA (EA) analyses conducted | Number of Environmental Assessments (EAs) conducted for NEPA analysis or surface use plans |
| 2.12.USFS-1 ⁽⁴⁾ | Processing time for NEPA review/analyses conducted | Number of days for USFS NEPA review/analyses conducted for NEPA review or surface use plans |
| 2.12.1 | Processing time for NEPA review/analyses conducted | Number of days for BLM NEPA review/analyses conducted for NEPA review or surface use plans |
| 2.13 | Number of inspections performed | Number of federal inspections performed by Pilot office as reported in IEP.49 report |
| 2.13.USACE-1 | Number of inspections performed | Number of compliance inspections |
| 2.14 | Percentage of I&E strategy accomplished | Percentage of I&E federal strategy accomplished. See first page of IEP.49 report, Percent of Planned YTD |

| Number | Measure | Measure Description |
|---|---|---|
| 2.15 | Amount of under-reported gas/oil production (volume) | Volume estimates of under-reported oil and gas produced by operators on federal land (via AFMSS production verification inspections) |
| Improve Stakeholder Responsiveness | | |
| 3.1 | Number of outreach meetings conducted | Number of outreach meetings conducted per pilot project office |
| 3.1.USACE-1 | Number of outreach meetings conducted | Number of USACE outreach meetings conducted per pilot project office |
| 3.2 | Number of meetings for permits where pre-planning, pre-permit / pre-application support is conducted with project proponent | Percentage of total federal permits processed where preplanning support was conducted |
| 3.3 | Number of legal actions with regard to Decision Appeals (by SDRs/IBLAs Decisions, Federal Court and FOIA requests) | Number of legal actions relating to decision appeals completed per Pilot Project office including state director appeals, Interior Board of Appeals, federal court cases, and FOIA requests |
| 3.3.USACE-1 | Number of Decision Appeals Completed | Listing of USACE administrative appeals |
| 3.4.USFS-1 | Percentage of operations on FS lands that have had at least 1 site visit to ensure administrative compliance | All operations on FS land that have had at least one site visit in a year to meet administrative standards for compliance with surface use plans / Total number of operations for the year |
| 3.5 | Number of environmental violations | Number of federal environmental violations in Pilot Project offices |
| 3.5.USACE-1 | Number of environmental violations | This will be a separate listing of non-compliance with permit conditions and unauthorized violations referred to the USEPA |
| 3.5.USFS-1 | Number of environmental violations | Number of FS environmental violations |
| 3.7 | Number of technical violations | Number of federal technical violations as reported on IEP.49 and AFMSS IEP.60 |
| Financial Accountability | | |
| 4.1 | Total cost (\$) for APD processing | Total cost to process APDs |
| 4.2 | Total cost (\$) for Sundry Notice processing | Total cost to process Sundry Notices |
| 4.3 | Total cost (\$) for ROW processing | Total cost to process ROWs (for oil and gas related ROWs) |
| 4.4 | Total cost (\$) for I&E | Total cost to conduct Inspection and Enforcement for Oil & Gas |

1.9.3 Data Gathering Sources and Approach

The pilot project estimated the initial data availability for measures and data sources across agencies for the modified and new measures. Available data sources, both automated and manual, were identified for the new and modified measures, and a final list of relevant and data-available measures was developed.

Both the number of measures and attributes for which data was collected increased substantially over year one. Year one focused primarily on measures relating to business processes and financial accountability

by the pilot office attribute. Year two focuses on interagency coordination, environmental/resource stewardships, and stakeholder responsiveness, in addition to year one categories, and also collected data for multiple attributes per measure and for new measures that were proposed in year two by other pilot participants.

Subsequently, BLM Washington Office Instructional Memorandum (WO IM-2007-169, August 9, 2007) established a data stewardship protocol for all agencies and pilot offices, whereby data was formally requested from agencies, and pilot offices and points of contact for the data were established on an ongoing basis. Data requirements were estimated and data templates were created to facilitate the data collection.

The pilot project conducted a data call dry run to collect the data and shared prepared data templates and data requirements with all participants to facilitate data collection. Based on the data call dry run, a finalized list of measures and their data availability were identified for all pilot participants.

1.9.3.1 Key Guidelines for Looking at Measures Information

- What has been accomplished
 - Consider the impact of funding and colocation, which are the two drivers of the pilot project, while looking at performance
- Performance across measures categories that speak to Section 365 outcomes
 - Interagency coordination
 - Business processes affecting permitting operations
 - Stakeholder responsiveness
 - Financial accountability
- Surprises or outliers
- Initially use the strategic charts in the main document sections, and then drill down for pilot office charts or other attribute charts using Appendix 8.

CHAPTER 2 PILOT FUNDING AND STAFFING

2.1 ALLOCATION OF INTERAGENCY FUNDING

Under the provisions of Section 365 of the Act, the MMS, Minerals Revenue Management Division is responsible for collecting, accounting, and distributing resources for the Permit Processing Improvement Fund. Section 365(g) of the Act states that the Minerals Revenue Management Division is responsible for transferring 50 percent of the onshore oil and gas rental income to the Permit Processing Improvement Fund. On November 1, 2005, the Treasury Account for the Permit Processing Improvement Fund was established for the pilot offices. Based on anticipated resource requirements in the interagency MOU, the participating federal departments and agencies were allocated FY06 funding. Table 7 provides the allocated agency budget amounts for FY06 and FY07.

Table 7. Distribution of Section 365 Funding by Participating Agency

| Department/Agency | FY06 Budget | FY07 Budget | Percent Increase or Decrease |
|--|---------------------|--------------------------|------------------------------|
| U.S. Department of the Interior | | | |
| Bureau of Land Management | \$16,000,000 | \$19,490,000 | 21.8% |
| Fish and Wildlife Service | \$2,135,000 | \$1,440,000 ¹ | -32.6% ¹ |
| Bureau of Reclamation | \$725,000 | \$725,000 | 0.0% |
| Bureau of Indian Affairs | \$100,000 | \$100,000 | 0.0% |
| Minerals Management Service | \$0 | \$0 | 0.0% |
| U.S. Department of Agriculture | | | |
| Forest Service | \$885,000 | \$1,172,000 | 32.4% |
| U.S. Department of the Army | | | |
| Army Corps of Engineers | \$455,000 | \$455,000 | 0.0% |
| Environmental Protection Agency | \$0 | \$0 | 0.0% |
| TOTAL | \$20,300,000 | \$23,382,000 | 15.2% |

¹Denotes that the USFWS decreased their FY07 funding request due to the availability of carryover funds from FY 06.

In FY06, the BLM allocated 125 Full-Time Equivalent (FTE) employees to support the pilot project. In FY07, the BLM allocated an additional 36 FTE. BLM's FY06 budget allocation was increased by 21.8 percent in FY07 to support the additional FTE. Section 2.2 provides supplementary detail information on BLM and participating agency staffing actions for FY06 and FY07.

In early FY07, the USFWS decreased its budget requirement by 32.6 percent when compared to the FY06 level and utilized carryover funds from FY06. The USFWS determined where FTE cost savings could be realized while still supporting the need for additional USFWS FTE colocated resources.

The USFS received a 32.4 percent increase in its FY07 funding over the previous year. USFS added 3 FTEs during FY07, and the funding increase reflects this ongoing action.

From the onset of the pilot project, EPA did not anticipate the need for funding colocated staff resources. A significant portion of EPA's responsibilities relate to the CWA and the CAA (for the APD permitting process), which are administered by the respective states.

2.2 PILOT STAFFING TO MEET SECTION 365 MILESTONES

The MOU outlines the anticipated staffing needs for each agency. The participating agencies, including BLM, USFWS, USFS, USACE, BOR, and BIA, estimated the number of required additional staff to meet the pilot objectives. The agencies anticipated hiring approximately 146.5 additional staff following the signing of the Act.

Initial staff hiring focused on APD/ROW permitting staff, I&E staff, and specialized resource management staff. By April 2006, most of the positions were filled; additional hiring continued into FY07. Figure 1 shows the pilot project staffing trend for FY06 and FY07.

Figure 1. Pilot Project Staffing Trend for FY06 and FY07



hired (81.2 percent). Overall, approximately three-quarters (77 percent) of the pilot office FTEs added were established during year one of the pilot; the remaining one-quarter (23 percent) established during year two.

Table 8 shows pilot project federal and state agency pilot position statistics for FTEs allocated, hired, and remaining for FY06 and FY07.

Table 8. Pilot Project Federal and State Agency Position Statistics for FY06 and FY07

| Government | Agency | 2006 FTE | 2006 Hired | Remaining FTEs | 2007 FTE | 2007 Hired | Remaining FTEs | Total FTE | Total Hired | Remaining FTEs | Percent Hired | Percent of All FTE |
|--------------------|--------------|--------------|--------------|----------------|--------------|--------------|----------------|---------------|---------------|----------------|---------------|--------------------|
| FEDERAL | BLM | 125 | 109 | 16 | 39 | 34 | 21 | 164 | 143 | 21 | 87.2% | 79.1% |
| | USACE | 3.5 | 3.5 | | | | | 3.5 | 3.5 | | 100% | 1.7% |
| | USBIA | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| | BOR | 1 | | 1 | | 1 | | 1 | 1 | | 100% | 0.5% |
| | USFS | 6 | 5 | 1 | 3 | 1 | 3 | 9 | 6 | 3 | 66.7% | 4.3% |
| | USFWS | 10 | 6 | 4 | 5.75 | 4.75 | 5 | 15.75 | 10.75 | 5 | 68.3% | 7.6% |
| | Total | 146.5 | 123.5 | 23 | 47.75 | 40.75 | 30 | 194.25 | 164.25 | 30.00 | 84.6% | 93.7% |
| STATE | CDOW* | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| | COGCC* | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| | MDEQ* | 3 | | 3 | | 1 | 2 | 3 | 1 | 2 | 33.3% | 1.4% |
| | MFWP* | 1 | | 1 | | 1 | | 1 | 1 | | 100% | 0.5% |
| | NMOC D* | 2 | | 2 | | 2 | | 2 | 2 | | 100% | 0.8% |
| | USHPO* | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| | WDEQ* | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| | WGFD* | 2 | | 2 | | | 2 | 2 | | 2 | 0% | 1% |
| | WSHPO* | 1 | | 1 | | | 1 | 1 | | 1 | 0% | 0.5% |
| Total | | 13 | 0 | 13 | 0 | 4 | 9 | 13 | 4 | 9 | 30.8% | 5.5% |
| Grand Total | | 159.5 | 123.5 | 36 | 47.75 | 44.75 | 39 | 207.25 | 168.25 | 39 | 81.2% | 100% |

*CDOW=Colorado Division of Wildlife; COGCC=Colorado Oil and Gas Conservation Commission; MDEQ=Montana DEQ; MFWP=Montana Division of Fish, Wildlife, and Parks; NMOC D=New Mexico Oil Conservation Division; USHPO=Utah SHPO; WDEQ=Wyoming DEQ; WGFD=Wyoming Game and Fish Department; and WSHPO=Wyoming SHPO.

Of the pilot project's 207.25 positions, BLM has 79.1 percent of the positions; USACE has 1.7 percent; BIA and BOR each have 0.5 percent; USFS has 4.3 percent; and USFWS has 7.6 percent, totaling 93.7 percent of federal positions. The remaining 5.5 percent of the pilot positions includes participating state agencies, with less than 31 percent of state positions currently filled.

The next two sections provide an overview of the participating federal and state agency pilot staffing activity during years one and two.

2.2.1 Federal Agencies

As stated in the MOU, BLM anticipated additional staff expertise to meet the specific needs of the individual pilot offices. The broad range of expertise of this staff includes physical, biological, and technical support positions: natural resource specialists (NRS), wildlife biologists, petroleum engineers (PE), petroleum engineering technicians (PET), and lands and realty staff.

To meet the pilot project requirements, the staff hiring began immediately following the signing of the Act. New BLM staff reported to the pilot offices as early as October 2005. During the first year of the pilot, many of the hires were archeologists, NRSs, environmental scientists, biologists, PETs, and Petroleum Accountability Technicians (PAT) (Table 9).

At the pilot office level, BLM recognized the on-the-ground resource impacts resulting from substantially increased FY06 oil and gas well/ROW permitting levels. In early FY07, the pilot offices identified the need for additional natural resource/environmental scientists, I&E personnel, surface compliance and reclamation staff, resource specialists, and clerical support positions to ensure operator compliance, reclamation, and to effectively monitor and address other resource impacts issues. As a result, the pilot offices added 39 BLM positions, 3 USFS positions, and 5.75 USFWS positions to support these objectives.

Table 10 shows additional pilot staffing information for each pilot office. Table 11 lists the pilot office work functional areas where the allocated positions provide support.

At the bottom of Table 11, it can be seen that 1.4 percent of the allocated pilot project FTE directly support project EIS work, 62.8 percent support permitting, 20.7 percent conduct I&E, 10.6 percent provide resource monitoring and 4.3 percent for other pilot project work. For each pilot project work functional area, the respective pilot positions allocated are provided in Table 11.

Table 9. Total Pilot FTE (Added, Hired, and Remaining) for Federal and State Positions

| Government | Agency | Series | Position Type | Grade | 2006 Added FTE | 2007 Added FTE | Total FTE |
|------------|--------|--------------|---|-------|----------------|----------------|-----------|
| FEDERAL | BLM | GS-0023 | Outdoor Recreation Planner | GS-09 | 1 | | 1 |
| | | GS-0028 /401 | Surface/Environmental Protection Specialist | GS-11 | 1 | 2 | 3 |
| | | GS-0183 | Archeologist | GS-11 | 8 | 2 | 10 |
| | | GS-0301 | EIS Project Coordinator | GS-12 | | 1 | 1 |
| | | | GIS Specialist | GS-09 | 1 | 1 | 2 |
| | | | | GS-11 | 2 | | 2 |

| Government | Agency | Series | Position Type | Grade | 2006 Added FTE | 2007 Added FTE | Total FTE |
|------------|--------|---------------|---|-------|----------------|----------------|-----------|
| | | | NEPA Coordinator | GS-11 | 2 | | 2 |
| | | | Planning & Environmental Coordinator | GS-09 | | 1 | 1 |
| | | | Project Manager | GS-12 | 2 | | 2 |
| | | GS-0303 | Administrative Assistant | GS-04 | 2 | 4 | 6 |
| | | | | GS-05 | 2 | | 2 |
| | | | Energy Program Assistant | GS-05 | | 1 | 1 |
| | | | | GS-06 | 1 | | 1 |
| | | GS-0326 | Office Automation Clerk | GS-07 | 1 | | 1 |
| | | GS-0335 | Computer Assistant | GS-07 | 1 | | 1 |
| | | GS-0340 | Inspection & Enforcement Program Supervisor | GS-12 | 1 | | 1 |
| | | GS-0344 | Records Manager | GS-06 | 1 | | 1 |
| | | GS-0401 | NRS | GS-11 | 12 | 2 | 14 |
| | | | NRS/Surface Protection Specialist | GS-11 | 3 | | 3 |
| | | | Supervisory NRS | GS-12 | 2 | | 2 |
| | | GS-0401 /1301 | Branch Chief, Lands & Surface Compliance | GS-12 | 1 | | 1 |
| | | | Branch Chief, Science and Technology | GS-12 | | 1 | 1 |
| | | | NRS/Physical Scientist | GS-11 | 9 | 2 | 11 |
| | | | Supervisory NRS/Environmental Scientist | GS-12 | 2 | | 2 |
| | | GS-0404 | Biological Technician | GS-07 | 2 | | 2 |
| | | GS-0408 | Botanist/Ecologist | GS-11 | 1 | | 1 |
| | | GS-0430 | Botanist | GS-11 | 1 | | 1 |
| | | GS-0470 | Soils Scientist /Reclamation Specialist | GS-11 | 1 | | 1 |
| | | GS-0486 | Biologist (Wildlife) | GS-11 | 6 | 1 | 7 |
| | | | Biologist Lead (Wildlife) | GS-12 | | 1 | 1 |
| | | GS-0802 | Civil Engineering Technician | GS-07 | | 1 | 1 |
| | | | PET | GS-10 | 18 | 7 | 25 |
| | | | PET (Lead) | GS-11 | | 3 | 3 |
| | | | Supervisory PET | GS-11 | 2 | | 2 |

| Government | Agency | Series | Position Type | Grade | 2006 Added FTE | 2007 Added FTE | Total FTE |
|------------|--------|---------------|-----------------------------------|-------------------------------|----------------|----------------|-----------|
| | | GS-0810 | Civil Engineer | GS-11 | 1 | | 1 |
| | | GS-0881 | PE | GS-11 | 2 | | 2 |
| | | | Supervisory PE | GS-11 | | 1 | 1 |
| | | | PE | GS-12 | 1 | | 1 |
| | | GS-0965 | Legal Instrument Examiner (LIE) | GS-07 | 6 | 2 | 8 |
| | | GS-0965 | Land Law Examiner (LLE) | GS-07 | 1 | | 1 |
| | | | | GS-09 | 2 | | 2 |
| | | GS-0986 | Legal Assistant | GS-05 | 2 | 2 | 4 |
| | | GS-1170 | Realty Specialist | GS-09 | 1 | | 1 |
| | | | | GS-11 | 4 | | 4 |
| | | | Supervisory Realty Specialist | GS-12 | 1 | | 1 |
| | | GS-1315 | Hydrologist | GS-11 | 3 | | 3 |
| | | GS-1350 | Geologist | GS-11 | 4 | | 4 |
| | | | | GS-12 | | 1 | 1 |
| | | GS-1370 | Cartographer | GS-11 | 1 | | 1 |
| | | GS-1371 | Cartographer Technician | GS-06 | | 1 | 1 |
| | | GS-1802 | PAT | GS-06 | 1 | | 1 |
| | | | | GS-07 | 7 | | 7 |
| | | | Surface Compliance Technician | GS-07 | 2 | 3 | 5 |
| | | USACE | | Section 404 Permit Specialist | - | 3.5 | 3.5 |
| | | BIA | | Permit Coordinator | - | 1 | 1 |
| | | BOR | | Permit Coordinator | - | 1 | 1 |
| | USFS | | Biological Scientist (Compliance) | GS-11 | | 1 | 1 |
| | | | Civil Engineering Technician | GS-11 | 1 | | 1 |
| | | | Ecologist | GS-11 | | 1 | 1 |
| | | GS-0401 /1301 | NRS/Physical Scientist | GS-11 | | 1 | 1 |
| | | GS-0401 | NRS | GS-11 | 3 | | 3 |

| Government | Agency | Series | Position Type | Grade | 2006 Added FTE | 2007 Added FTE | Total FTE |
|-------------|---------------|----------------------------------|------------------------------------|-------|----------------------|----------------------|-----------|
| | | GS-0401 | NRS | GS-12 | 1 | | 1 |
| | | GS-0486 | Biologist | GS-11 | 1 | | 1 |
| | USFWS | Biologist (Wildlife) | GS-11 | 5 | 4 | 9 | |
| | | | GS-12 | 4.5 | 1 | 5.5 | |
| | | Biologist (Regional) | GS-13 | 0.5 | 0.5 | 1 | |
| | | | Biologist (Washington) | | | 0.25 | 0.25 |
| | Federal Total | | | | | 146.5 | 47.75 |
| STATE | CDOW | | Biologist | - | 1 | | 1 |
| | COGCC | | Field Inspector | - | 1 | | 1 |
| | MDEQ | Air Quality Specialist | | - | 1 | | 1 |
| | | NPDES Permit Writer (Helena, MT) | | - | 1 | | 1 |
| | | Water Quality Specialist | | - | 1 | | 1 |
| | MFWP | | Biologist | - | 1 | | 1 |
| | NMOCD | | Field Inspector | - | 2 | | 2 |
| | USHPO | | Archeologist | - | 1 | | 1 |
| | WDEQ | | NPDES Permit Writer (Cheyenne, WY) | - | 1 | | 1 |
| | WGFD | | Biologist | - | 2 | | 2 |
| | WSHPO | | Archeologist (Laramie, WY) | - | 1 | | 1 |
| State Total | | | | | 13 | | 13 |
| Grand Total | | | | | 159.5 | 47.75 | 207.25 |

Table 10. Position Type FTE Added to Each Pilot Office

| Government | Agency | Series | Position Type | Grade | Miles City | Buffalo | Rawlins | Glenwood | Vernal | Farmington | Carlsbad | Total |
|------------|--------|--------------|---|-------|------------|---------|---------|----------|--------|------------|----------|-------|
| FEDERAL | BLM | GS-0023 | Outdoor Recreation Planner | GS-09 | | | 1 | | | | | 1 |
| | | GS-0028 /401 | Surface/Environmental Protection Specialist | GS-11 | | | | | | | 3 | 3 |
| | | GS-0193 | Archeologist | GS-11 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 10 |
| | | GS-0301 | EIS Project Coordinator | GS-12 | | | | | 1 | | | 1 |
| | | | GIS Specialist | GS-09 | | | 1 | 1 | | | | 2 |
| | | | | GS-11 | | | | | | 1 | 1 | 2 |
| | | | NEPA Coordinator | GS-11 | | | | 1 | 1 | | | 2 |
| | | | Project Manager | GS-12 | | | | | | 1 | 1 | 2 |
| | | GS-0303 | Administrative Assistant | GS-04 | | | | | 4 | | 2 | 6 |
| | | | | GS-05 | 1 | | | 1 | | | | 2 |
| | | | Energy Program Assistant | GS-05 | | | 1 | | | | | 1 |
| | | | | GS-06 | | 1 | | | | | | 1 |
| | | GS-0326 | Office Automation Clerk | GS-07 | | | 1 | | | | | 1 |
| | | GS-0335 | Computer Assistant | GS-07 | | | 1 | | | | | 1 |
| | | GS-0340 | Inspection & Enforcement Program Supervisor | GS-12 | | | | 1 | | | | 1 |
| | | GS-0344 | Records Manager | GS-06 | | | | | | 1 | | 1 |
| | | GS-0401 | NRS | GS-11 | 5 | 1 | 2 | 1 | | 3 | 2 | 14 |
| | | | NRS/Surface Protection Specialist | GS-11 | | | | 1 | 2 | | | 3 |
| | | | Supervisory NRS | GS-12 | | 1 | 1 | | | | | 2 |

| Government | Agency | Series | Position Type | Grade | Miles City | Buffalo | Rawlins | Glenwood | Vernal | Farmington | Carlsbad | Total |
|------------|--------|---------------|--|-------|------------|---------|---------|----------|--------|------------|----------|-------|
| | | GS-0401 /1301 | Branch Chief, Lands & Surface Compliance | GS-12 | | | | | 1 | | | 1 |
| | | | Branch Chief, Science and Technology | GS-12 | | | | | 1 | | | 1 |
| | | | NRS/Physical Scientist | GS-11 | | | | 2 | 9 | | | 11 |
| | | | Supervisory NRS/Environmental Scientist | GS-12 | | | | 1 | 1 | | | 2 |
| | | GS-0404 | Biological Technician | GS-07 | | | 1 | | | | 1 | 2 |
| | | GS-0408 | Botanist/Ecologist | GS-11 | | | | 1 | | | | 1 |
| | | GS-0430 | Botanist | GS-11 | | | | | 1 | | | 1 |
| | | GS-0470 | Soils Scientist /Reclamation Specialist | GS-11 | | | | | 1 | | | 1 |
| | | GS-0486 | Biologist (Wildlife) | GS-11 | | 1 | 2 | 1 | 3 | | | 7 |
| | | | Biologist Lead (Wildlife) | GS-12 | 1 | | | | | | | 1 |
| | | GS-0802 | Civil Engineering Technician | GS-07 | | 1 | | | | | | 1 |
| | | | PET | GS-10 | 2 | 2 | 4 | 3 | 6 | 4 | 4 | 25 |
| | | | PET (Lead) | GS-11 | | | | | | | 3 | 3 |
| | | | Supervisory PET | GS-11 | | | 1 | | 1 | 1 | | 3 |
| | | | | GS-12 | | | 1 | | 1 | | | 2 |
| | | GS-0810 | Civil Engineer | GS-11 | | | 1 | | | | | 1 |
| | | GS-0881 | PE | GS-12 | | | | 1 | | | | 1 |
| | | | PE | GS-11 | | | | | 2 | | | 2 |
| | | | Supervisory PE | GS-11 | | 1 | | | | | | 1 |
| | | GS-0963 | LIE | GS-07 | | 1 | | | 3 | 1 | 3 | 8 |
| | | GS-0965 | LLE | GS-07 | | | | | 1 | | | 1 |

| Government | Agency | Series | Position Type | Grade | Miles City | Buffalo | Rawlins | Glenwood | Vernal | Farmington | Carlsbad | Total | | |
|------------|--------|---------------|-----------------------------------|-------------------------------|------------|---------|---------|----------|--------|------------|----------|-------|-----|---|
| | | | | GS-09 | | | | 1 | | | 1 | 2 | | |
| | | GS-0986 | Legal Assistant | GS-05 | | 1 | 2 | | | 1 | | 4 | | |
| | | GS-1170 | Realty Specialist | GS-09 | | | 1 | | | | | | 1 | |
| | | | | | GS-11 | | | | 1 | 1 | 1 | 1 | 4 | |
| | | | Supervisory Realty Specialist | GS-12 | | | 1 | | | | | | 1 | |
| | | GS-1315 | Hydrologist | GS-11 | | | 1 | 1 | | | | 1 | 3 | |
| | | GS-1315 | Geologist | GS-11 | | | | 1 | 2 | | | 1 | 4 | |
| | | | | GS-12 | 1 | | | | | | | 1 | | |
| | | GS-1370 | Cartographer | GS-11 | | | | | | | | 1 | 1 | |
| | | GS-1371 | Cartographer Technician | GS-06 | | | | | | | | 1 | 1 | |
| | | GS-1802 | PAT | GS-06 | | | 1 | | | | | | | 1 |
| | | | | GS-07 | | 1 | | 1 | 1 | 2 | 2 | | 7 | |
| | | | | Surface Compliance Technician | GS-07 | | 4 | 1 | | | | | | 5 |
| | USACE | | Section 404 Permit Specialist | | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 3.5 | |
| | USBIA | | Permit Coordinator | | | | | | | | 1 | | 1 | |
| | BOR | | Permit Coordinator | | | | | | | | | 1 | 1 | |
| | USFS | | Biological Scientist (Compliance) | GS-11 | | | | | 1 | | | | 1 | |
| | | | Civil Engineering Technician | GS-11 | | | | | 1 | | | | 1 | |
| | | | Ecologist | GS-11 | | | | | 1 | | | | 1 | |
| | | GS-0401 /1301 | NRS/Physical Scientist | GS-11 | | | | | 1 | | | | 1 | |
| | | GS-0401 | NRS | GS-11 | | 1 | | | | 1 | 1 | | 3 | |
| | | GS-0401 | NRS | GS-12 | | | | | 1 | | | | 1 | |

| Government | Agency | Series | Position Type | Grade | Miles City | Buffalo | Rawlins | Glenwood | Vernal | Farmington | Carlsbad | Total |
|---------------|--------|---------|------------------------------------|-------|------------|---------|---------|----------|--------|------------|----------|--------|
| | | GS-0486 | Biologist | GS-11 | | | | 1 | | | | 1 |
| | USFWS | | Biologist (Wildlife) | GS-11 | 0.5 | 2 | 2 | 2 | 2.5 | | | 9 |
| | | | | GS-12 | 1 | 0.5 | 0.5 | 0.5 | 1 | 1 | 1 | 5.5 |
| | | | Biologist (Regional) | GS-13 | | | | | | | | 1 |
| | | | Biologist (Washington) | | | | | | | | | 0.25 |
| Federal Total | | | | | 13.5 | 20.5 | 26.5 | 28.5 | 46.5 | 20.5 | 31.5 | 194.25 |
| | CDOW | | Biologist | | | | | 1 | | | | 1 |
| | COGCC | | Field Inspector | | | | | 1 | | | | 1 |
| STATE | MDEQ | | Air Quality Specialist | | 1 | | | | | | | 1 |
| | | | NPDES Permit Writer (Helena, MT) | | 1 | | | | | | | 1 |
| | | | Water Quality Specialist | | 1 | | | | | | | 1 |
| | MFWP | | Biologist | | 1 | | | | | | | 1 |
| | NMOCD | | Field Inspector | | | | | | | 1 | 1 | 2 |
| | USHPO | | Archeologist | | | | | | 1 | | | 1 |
| | WDEQ | | NPDES Permit Writer (Cheyenne, WY) | | | 0.5 | 0.5 | | | | | 1 |
| | WGFD | | Biologist | | | 1 | 1 | | | | | 2 |
| | WSHPO | | Archeologist (Laramie, WY) | | | 0.5 | 0.5 | | | | | 1 |
| State Total | | | | | 4 | 2 | 2 | 2 | 1 | 1 | 1 | 13 |
| Grand Total | | | | | 17.5 | 22.5 | 30.5 | 30.5 | 47.5 | 21.5 | 32.5 | 207.25 |

Table 11. Position Type FTE Added to Pilot Functional Areas

| Government | Agency | Series | Position Type | Grade | Project EIS | Permitting | I&E | Monitoring | Other | Total |
|------------|--------|--------------|---|-------|-------------|------------|-----|------------|-------|-------|
| FEDERAL | BLM | GS-0023 | Outdoor Recreation Planner | GS-09 | | 1 | | | | 1 |
| | | GS-0028 /401 | Surface/Environmental Protection Specialist | GS-11 | | | | 3 | | 3 |
| | | GS-0193 | Archeologist | GS-11 | | 10 | | | | 10 |
| | | GS-0301 | EIS Project Coordinator | GS-12 | 1 | | | | | 1 |
| | | | GIS Specialist | GS-09 | | | | | 2 | 2 |
| | | | | GS-11 | | | | | 2 | 2 |
| | | | NEPA Coordinator | GS-11 | 2 | | | | | 2 |
| | | | Project Manager | GS-12 | | 2 | | | | 2 |
| | | GS-0303 | Administrative Assistant | GS-04 | | 6 | | | | 6 |
| | | | | GS-05 | | 2 | | | | 2 |
| | | | Energy Program Assistant | GS-05 | | 1 | | | | 1 |
| | | | | GS-06 | | 1 | | | | 1 |
| | | GS-0326 | Office Automation Clerk | GS-07 | | | | | 1 | 1 |
| | | GS-0335 | Computer Assistant | GS-07 | | | | | 1 | 1 |
| | | GS-0340 | Inspection & Enforcement Program Supervisor | GS-12 | | | 1 | | | 1 |
| | | GS-0344 | Records Manager | GS-06 | | 1 | | | | 1 |
| | | GS-0401 | NRS | GS-11 | | 14 | | | | 14 |
| | | | NRS/Surface Protection Spec. | GS-11 | | | 1 | 2 | | 3 |
| | | | Supervisory NRS | GS-12 | | 2 | | | | 2 |

| Government | Agency | Series | Position Type | Grade | Project EIS | Permitting | I&E | Monitoring | Other | Total |
|------------|--------|------------------|--|-------|-------------|------------|-----|------------|-------|-------|
| | | GS-0401/130 1 | Branch Chief, Lands & Surface Compliance | GS-12 | | | 1 | | | 1 |
| | | | Branch Chief, Science and Technology | GS-12 | | | | 1 | | 1 |
| | | | NRS/Physical Scientist | GS-11 | | 11 | | | | 11 |
| | | | Supervisory NRS/Environmental Scientist | GS-12 | | 2 | | | | 2 |
| | | GS-0404 | Biological Technician | GS-07 | | | | 2 | | 2 |
| | | GS-0408 | Botanist/Ecologist | GS-11 | | | | 1 | | 1 |
| | | GS-0430 | Botanist | GS-11 | | | | 1 | | 1 |
| | | GS-0470 | Soils Scientist /Reclamation Specialist | GS-11 | | | | 1 | | 1 |
| | | GS-0486 | Biologist (Wildlife) | GS-11 | | 7 | | | | 7 |
| | | | Biologist Lead (Wildlife) | GS-12 | | 1 | | | | 1 |
| | | GS-0802 | Civil Engineering Technician | GS-07 | | 1 | | | | 1 |
| | | | PET | GS-10 | | | 25 | | | 25 |
| | | | PET (Lead) | GS-11 | | | 3 | | | 3 |
| | | | Supervisory PET | GS-11 | | | 2 | | | 2 |
| | | GS-0810 | Civil Engineer | GS-11 | | 1 | | | | 1 |
| | | GS-0881 | PE | GS-12 | | 1 | | | | 1 |
| | | | PE | GS-11 | | 2 | | | | 2 |
| | | | Supervisory PE | GS-11 | | 1 | | | | 1 |
| | | GS-0963 | LIE | GS-07 | | 8 | | | | 8 |
| | | GS-0965 | LLE | GS-07 | | 1 | | | | 1 |
| | | | | GS-09 | | 2 | | | | 2 |

| Government | Agency | Series | Position Type | Grade | Project EIS | Permitting | I&E | Monitoring | Other | Total |
|------------|--------|---------------|-----------------------------------|-------|-------------|------------|-----|------------|-------|-------|
| | | GS-0986 | Legal Assistant | GS-05 | | 4 | | | | 4 |
| | | GS-1170 | Realty Specialist | GS-09 | | 1 | | | | 1 |
| | | | | GS-11 | | 4 | | | | 4 |
| | | | Supervisory Realty Specialist | GS-12 | | 1 | | | | 1 |
| | | GS-1315 | Hydrologist | GS-11 | | 3 | | | | 3 |
| | | GS-1350 | Geologist | GS-11 | | 4 | | | | 4 |
| | | | | GS-12 | | 1 | | | | 1 |
| | | GS-1370 | Cartographer | GS-11 | | | | | 1 | 1 |
| | | GS-1371 | Cartographer Technician | GS-06 | | | | | 1 | 1 |
| | | GS-1802 | PAT | GS-06 | | | 1 | | | 1 |
| | | | | GS-07 | | | 7 | | | 7 |
| | | | Surface Compliance Technician | GS-07 | | | | 5 | | 5 |
| | USACE | | Section 404 Permit Specialist | | | 3.5 | | | | 3.5 |
| | USBIA | | Permit Coordinator | | | 1 | | | | 1 |
| | BOR | | Permit Coordinator | | | 1 | | | | 1 |
| | USFS | | Biological Scientist (Compliance) | GS-11 | | | | 1 | | 1 |
| | | | Civil Engineering Technician | GS-11 | | 1 | | | | 1 |
| | | | Ecologist | GS-11 | | | | 1 | | 1 |
| | | GS-0401 /1301 | NRS/Physical Scientist | GS-11 | | 1 | | | | 1 |
| | | GS-0401 | NRS | GS-11 | | 3 | | | | 3 |
| | | GS-0401 | NRS | GS-12 | | 1 | | | | 1 |
| | | GS-0486 | Biologist | GS-11 | | 1 | | | | 1 |

| Government | Agency | Series | Position Type | Grade | Project EIS | Permitting | I&E | Monitoring | Other | Total |
|----------------------------------|--------|----------------------------|------------------------------------|-------|-------------|------------|-------|------------|-------|--------|
| | USFWS | | Biologist (Wildlife) | GS-11 | | 9 | | | | 9 |
| | | | | GS-12 | | 5.5 | | | | 5.5 |
| | | | Biologist (Regional) | GS-13 | | 1 | | | | 1 |
| | | | Biologist (Washington) | | | 0.25 | | | | 0.25 |
| FED Total | | | | | 3 | 124.25 | 41 | 18 | 8 | 194.25 |
| STATE | CDOW | | Biologist | | | | | 1 | | 1 |
| | COGCC | | Field Inspector | | | | | | 1 | 1 |
| | MDEQ | | Air Quality Specialist | | | 1 | | | | 1 |
| | | | NPDES Permit Writer (Helena, MT) | | | 1 | | | | 1 |
| | | | Water Quality Specialist | | | 1 | | | | 1 |
| | MFWP | | Biologist | | | | | 1 | | 1 |
| | NMOCD | | Field Inspector | | | | 2 | | | 2 |
| | USHPO | | Archeologist | | | 1 | | | | 1 |
| | WDEQ | | NPDES Permit Writer (Cheyenne, WY) | | | 1 | | | | 1 |
| | WGFD | | Biologist | | | | | 2 | | 2 |
| WSHPO | | Archeologist (Laramie, WY) | | | 1 | | | | 1 | |
| STATE Total | | | | | | 6 | 2 | 4 | 1 | 13 |
| Grand Total | | | | | 3 | 130.25 | 43 | 22 | 9 | 207.25 |
| Functional Area Percent of Total | | | | | 1.4% | 62.8% | 20.7% | 10.6% | 4.3% | 100.0% |

In early FY06, the USACE assigned 0.5 FTE of existing personnel to each pilot office for a total of 3.5 FTE. USACE staff members are not colocated in the pilot offices; they remain in their offices closest to the pilot offices. This staffing level was effective during the two years of the pilot.

The BIA anticipates hiring a Navajo Permit Coordinator for the Farmington Pilot Office. This employee will coordinate with the Navajo Tribe, Eastern Navajo Chapters, and Navajo families that live in the checkerboard landownership area.

BOR has provided one staff position which is shared between the Carlsbad and the Farmington Pilot Offices. The employee will be a BOR liaison to support joint BOR/BLM leasing and APD activities.

The USFS initially established six additional staff positions and hired five FTEs through September FY06. Three USFS positions are colocated in the Glenwood Springs Pilot Office, one position is in the Farmington Pilot Office, one is in the Vernal Pilot Office, and one is in the Buffalo Pilot Office. The USFS staff expertise includes planning, NEPA, archeology, wildlife, and I&E.

During FY07, two additional USFS positions were added to the Glenwood Springs Pilot Office where the majority of USFS-related oil and gas development is occurring among the pilot offices. The positions include a physical scientist and a biological scientist.

In FY06, ten USFWS FTEs were established with staff expertise in wetlands consultation, migratory birds and raptors, NEPA, environmental contaminants, and ESA. The Buffalo, Glenwood Springs, Miles City, Rawlins, and Vernal Pilot Offices had one USFWS FTE allocated to each office. A USFWS Cheyenne Field Office position was established to support the Buffalo and Rawlins pilot offices.

In FY07, 5.75 USFWS FTEs were added to the pilot. The Cheyenne field office biologist position was moved to Pinedale, Wyoming, to provide additional USFWS support to the BLM Pinedale Field Office. This position still provides program assistance to the USFWS biologists in the Buffalo and Rawlins pilot offices. One biologist was added to the Buffalo, Rawlins, Glenwood Springs, and Vernal pilot offices. The Buffalo position will be located in the USFWS office, in Cheyenne, Wyoming. Field office biologists for program assistance were added by allocating 1 FTE in Salt Lake City, Utah. USFWS Regional Office support and oversight was increased by allocating 0.25 FTEs to Denver (Region 6) and 0.25 FTEs to Albuquerque (Region 2). An additional 0.25 FTEs were allocated to the USFWS Washington Office.

2.2.2 State Agencies

Immediately after pilot project initiation, all pilot offices identified state agency staffing needs to enhance federal permit and resource management coordination with those agencies. State agency FTE statistics are found in Table 8.

The Glenwood Springs Pilot Office identified the need for a Colorado Division of Wildlife (CDOW) biologist and a Colorado Oil and Gas Conservation Commission (COGCC) field inspector. At this time, the Glenwood Spring Pilot Office is awaiting decisions from the state of Colorado to allow these positions to be filled.

The Miles City Pilot Office identified the need for a Montana Department of Fish, Wildlife and Parks (MFWP) biologist position and a Montana DEQ NPDES permit writer, water quality specialist, and air quality specialist. The dedicated Montana DEQ NPDES permit writer was hired in FY06 and is located in Helena, Montana. The colocated MFWP biologist was hired in May 2005. The Montana DEQ water quality specialist positions was recently hired and reported for duty in November 2007. The Montana

DEQ air quality specialist position is currently being advertised. These two Montana DEQ positions are colocated in the Miles City Pilot Office.

The Farmington and Carlsbad Pilot Offices have coordinated with the New Mexico Oil Conservation Division (NMOCD) to establish two NMOCD field inspectors to collaborate on oil and gas inspection workloads. These positions were staffed in early FY07 and are located within existing NMOCD field inspection offices in Aztec (near Farmington) and Artesia and Hobbs (near Carlsbad), New Mexico.

The Vernal Pilot Office has identified the need for a dedicated, colocated Utah SHPO archeologist. This position has not yet been filled.

The Buffalo and Rawlins Pilot Offices are currently in the process of hiring a colocated Wyoming Game and Fish Department wildlife biologist for each office. During FY07, the pilot offices coordinated with the Wyoming DEQ to establish a dedicated NPDES permit writer position located in Cheyenne at Wyoming's DEQ headquarters. The three positions will be filled in early 2008.

Coordination is currently underway with the Laramie, Wyoming, SHPO to establish three temporary SHPO archeological positions to support increased oil and gas project cultural survey and associated data record workload requirements. The three positions will be filled in FY08.

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CHAPTER 3 YEAR TWO PILOT PERFORMANCE RESULTS

3.1 BLM PILOT PERFORMANCE OVERVIEW

Although the pilot performed well on interagency permit streamlining coordination and improving resource stewardship, it was affected in FY07 by a downturn in permit submissions from the Industry. Below is a summary of performance trends, key observations, actions that have emerged from the performance measures, and finally a summary table of results data.

3.1.1 Performance Summary

Federal interagency coordination between Section 365 pilot project agency participants has been increased resulting in reduced permit review/consultation timeframes, greater use of programmatic agreements with BMPs intended to improve environmental protection and stewardship.

During FY07, permitting volumes were 30 percent lower than last year due to fewer Industry APD submissions. While FY06 pending APDs increased 52 percent from FY05 (the year prior to the pilot), the percentage of pending APDs dropped over eight percent FY06 to FY07. This indicates that the Pilot Offices have reduced the volume of pending APDs during the past year. See Table 12.

Improved environmental and resource stewardship has been demonstrated through increased environmental and technical inspections, a 12 percent drop in environmental violations and a 4.4 percent drop in technical violations during year two. One hundred four percent of BLM's planned inspections were accomplished during year two compared to 97 percent during year one. Interagency collocation has resulted in resource stewardship improvements as described in Section 3.2.2.

3.1.1.1 Observations: Year Two Overall Pilot Performance

Improved interagency environmental and resource stewardship occurring during the second year of the pilot has resulted in the following overall pilot performance:

- The number of APDs received decreased by 30 percent from 7,990 to 5,602 from FY06 to FY07.
- During that same time frame, the number of APDs processed by BLM decreased from 6,465 to 6,219. The number of pending APDs dropped 8 percent from 4,650 to 4,263.
- Overall this compares to previous year results where the seven pilot offices received a combined total of 3,551 APDs and processed a combined total of 3,601 APDs in FY03; 5,019 and 5,518 in FY04; 6,195 and 5,616 in FY05; and 7,989 and 6,465 in FY06, respectively. For FY03 and FY04 note more APDs were processed than received through efforts to alleviate a processing backlog.
- APDs requiring 120 days or longer to approve increased from 58 percent in FY06 to 65 percent of the total APDs approved in FY07. The Buffalo and Vernal pilot offices account for most of this increase, primarily due to more complex APD POD resource protection situations (Buffalo) and pending land use plan decisions and project NEPA actions (Vernal).
- Elapsed time for interagency consultations has been reduced as a result of improved communication, participation of agency personnel on interdisciplinary teams (IDTs), and through programmatic streamlining efforts, which have applicability to multiple projects/permits.

- The number of permit reviews requiring interagency coordination has decreased in FY07 compared to FY06, primarily due to a reduction in permit applications from the Industry.
- The number of NEPA reviews has lessened after the start of the pilot, because of a decrease in the number of permit applications, greater use of CXs, and the use of comprehensive processes to process more well permits through a single NEPA action.
- Substantial improvements in I&E accomplishments are occurring with emphasis on environmental inspections to improve resource protection stewardship.
- Increased I&E funding has allowed the hiring of additional staff and training which has substantially increased inspection productivity after the start of the pilot, with significantly increased number of inspections conducted for FY07.
- Enhanced pilot funding has resulted in increased inspections. This has led to better compliance by the Industry through a reduction in major violations.
- Through ongoing Industry outreach, BLM is sharing with the Industry technical and environmental violations insights, which aids the Industry in reducing violations.
- Increased inspections have led to better compliance by the Industry by a reduction in major violations due to the increased number of inspectors in the field, early identification and intervention of nascent violation situations, and through ongoing I&E outreach sessions.

Table 12. FY07 Pilot Office Performance Results

| Performance Measure | Buffalo | Rawlins | Glenwood Springs | Carlsbad | Farmington | Vernal | Miles City | Total |
|---|---------|------------------|------------------|----------|------------|------------------|------------|-----------------------|
| Number of Permits Requiring Interagency Review | 2,262 | N/A ^a | 339 | 5 | 187 | N/A ^b | 7 | 2,800 ^{a, b} |
| Average Elapsed Time for Interagency NEPA Review/ Consultation (Days) | 117 | 6 | 13 | 22 | 153 | N/A ^b | 30 | 57 ^b |
| Number of Interagency NEPA Programmatic Reviews | 1 | 22 | 6 | 1 | 0 | 0 | 0 | 30 |
| Number of APDs Received | 2,449 | 360 | 380 | 585 | 605 | 1,158 | 65 | 5,602 |

| Performance Measure | Buffalo | Rawlins | Glenwood Springs | Carlsbad | Farmington | Vernal | Miles City | Total |
|--|-----------|---------|------------------|-----------|------------|------------------|------------|-------------------|
| Number of APDs Processed | 2,921 | 308 | 409 | 588 | 668 | 1,241 | 84 | 6,219 |
| Number of APDs Approved | 2,274 | 271 | 395 | 565 | 604 | 1,015 | 65 | 5,754 |
| Number of APDs Pending | 1,600 | 346 | 88 | 104 | 310 | 1,346 | 469 | 4,263 |
| Percentage of APDs Approved within 30 Days | 1% | 13% | 9% | 26% | 43% | 1% | 22% | 16% ^c |
| Average APD Processing Time (Days) | 276 | 257 | 81 | 61 | 277 | 329 | 67 | 247 ^c |
| Number of Wells Drilled | 1,238 | 202 | 309 | 373 | 316 | 696 | 64 | 3,198 |
| Number of Sundry Notices Received | 2,578 | 603 | 429 | 1,023 | 1,082 | 1,748 | 231 | 7,694 |
| Number of Sundry Notices Processed | 5,025 | 2,041 | 1,254 | 4,700 | 6,238 | 6,656 | 486 | 26,400 |
| Number of ROWs Received | 176 | 292 | 47 | 443 | 631 | 113 | 22 | 1,724 |
| Number of ROWs Processed | 246 | 370 | 56 | 505 | 747 | 278 | 75 | 2,277 |
| Number of NEPA Analyses Conducted | 487 | 159 | 60 | 1,130 | 630 | 804 | 78 | 3,348 |
| Average NEPA Processing Time (Days) | 105 | 42 | 39 | 17 | 201 | N/A ^b | 53 | 61 ^b |
| Percentage of Planned Inspections Completed | 79% | 134% | 98% | 143% | 114% | 76% | 111% | 104% ^d |
| Number of Inspections Performed | 3,272 | 739 | 1,084 | 3,285 | 1,922 | 503 | 622 | 11,427 |
| Amount of Under-reported Gas Production Volume (Mcf ^e) | 1,097,169 | 63,119 | 8,317 | 3,413,606 | 0 | 325 | 0 | 4,582,536 |

| Performance Measure | Buffalo | Rawlins | Glenwood Springs | Carlsbad | Farmington | Vernal | Miles City | Total |
|---|-------------|-------------|------------------|-------------|-------------|-------------|-------------|--------------|
| Amount of Under-reported Oil Production Volume (Bbls ^f) | 44,558 | 0 | 41 | 105,553 | 0 | 0 | 0 | 150,152 |
| Number of Outreach Meetings Conducted | 5 | 32 | 15 | 52 | 35 | 4 | 6 | 149 |
| Number of Meetings for Permits where Pre-planning is Conducted | 150 | 73 | 9 | 44 | 63 | 114 | 23 | 476 |
| Number of Decision Appeals Conducted | 9 | 3 | 2 | 3 | 8 | 4 | 3 | 32 |
| Number of Environmental Violations | 293 | 87 | 12 | 337 | 222 | 26 | 17 | 994 |
| Number of Technical Violations | 1,029 | 79 | 129 | 490 | 235 | 89 | 36 | 2,087 |
| APD Processing Expenditures ^g | \$4,337,346 | \$3,412,024 | \$1,379,419 | \$3,102,127 | \$2,301,234 | \$4,471,502 | \$1,117,593 | \$23,223,372 |
| Sundry Notice Processing Expenditures ^h | \$544,749 | \$777,020 | \$257,832 | \$305,907 | \$450,330 | \$479,985 | \$485,025 | \$2,200,848 |
| ROW Grant Processing Expenditures ⁱ | \$149,008 | \$890,691 | \$666,533 | \$972,360 | \$1,135,098 | \$705,739 | \$216,014 | \$4,735,443 |
| Inspection & Enforcement Expenditures ^j | \$2,611,912 | \$868,521 | \$1,029,663 | \$4,033,435 | \$4,481,868 | \$2,538,958 | \$878,956 | \$16,443,313 |

Notes:

- Denotes performance data not available for the Rawlins Pilot Office.
- Denotes performance data not available for the Vernal Pilot Office.
- Denotes total column reflects an average value for the seven pilot offices.
- Denotes total column reflects the total completed inspections divided by the total required inspections for all seven pilot offices.
- Denotes volume units as thousands of standard cubic feet (Mcf) of natural gas.
- Denotes volume units as barrels (Bbls) of oil.
- Denotes BLM Budget Program Element EJ – Process Fluid Mineral APDs total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), total column reflects total expenditures for all seven pilot offices.
- Denotes BLM Budget Program Element FJ – Process Sundry Notices total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), total column reflects total expenditures for all seven pilot offices.
- Denotes BLM Budget Program Element RJ – Process ROW Grants total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), total column reflects total expenditures for

| Performance Measure | Buffalo | Rawlins | Glenwood Springs | Carlsbad | Farmington | Vernal | Miles City | Total |
|---------------------|---------|---------|------------------|----------|------------|--------|------------|-------|
|---------------------|---------|---------|------------------|----------|------------|--------|------------|-------|

all seven pilot offices.

- j. Denotes BLM Budget Program Element NB – Conduct Fluid Mineral I&E total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), total column reflects total expenditures for all seven pilot offices.

3.2 INTERAGENCY COLLABORATION RESULTS

During the second year of the pilot project, the pilot offices demonstrated an increased commitment through interagency collaboration to colocate and streamline federal and state permit processing and resource protection. As a result, interagency colocation is providing the following:

- Earlier and better communication and coordination on energy-related projects
- Minimization of surprises and permitting delays through improved communication
- Quicker resolution of misunderstandings between agencies and Industry personnel
- Greater use of programmatic agreements utilizing best management practices (BMPs)
- Improved oil and gas permit process-related training and outreach opportunities
- Enhanced monitoring, protection, and conservation of other natural resources.

3.2.1 Performance Summary

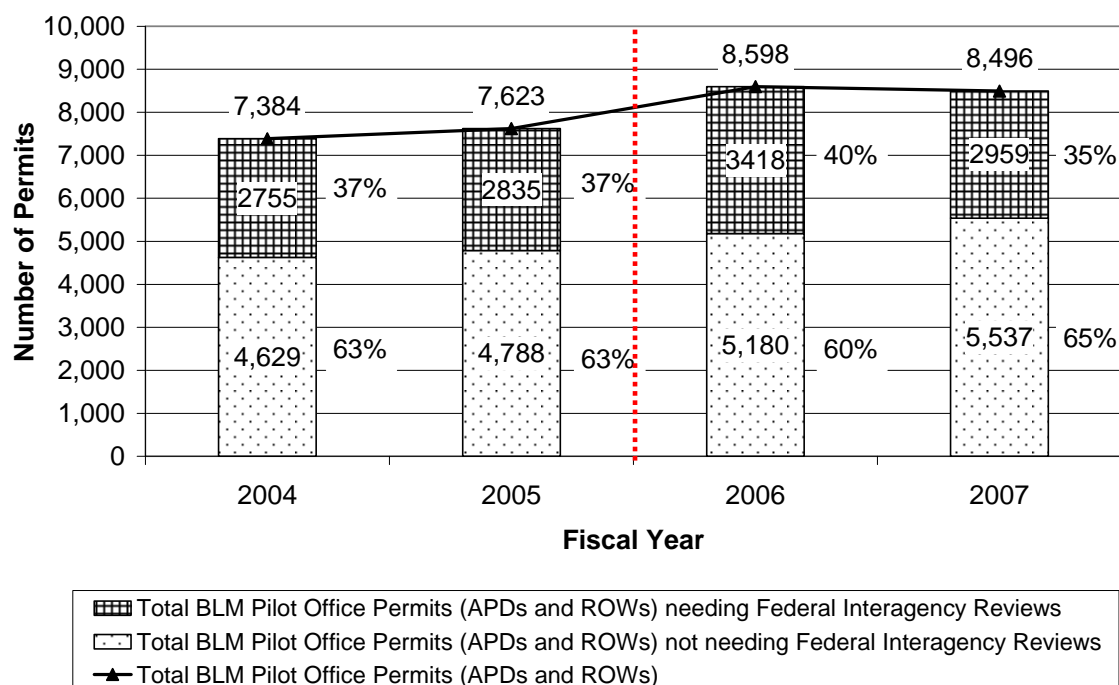
Federal interagency coordination has been enhanced between Section 365 pilot participants, as evidenced by permits and permit-related reviews for interagency coordination, with little or no decrease compared to decrease in overall permitting and decreased elapsed time for interagency coordination.

3.2.1.1 Observations: Interagency Permits and Related Reviews

Volume of Interagency Coordination

Figure 2 shows BLM pilot permits requiring and not requiring interagency coordination. Those permits requiring interagency coordination constitute 35 percent of the total permits for FY07, where total permits consist of all APDs and ROWs. This has decreased from prior years in terms of percentage and number of permits requiring interagency coordination.

**Figure 2. Total Pilot Permits (APDs, ROWs)
Requiring/Not Requiring Federal Interagency Reviews**



Notes:

Source – pilot office NEPA logs and manually tracked data.

Rawlins and Vernal data for number of Interagency reviews is not available.

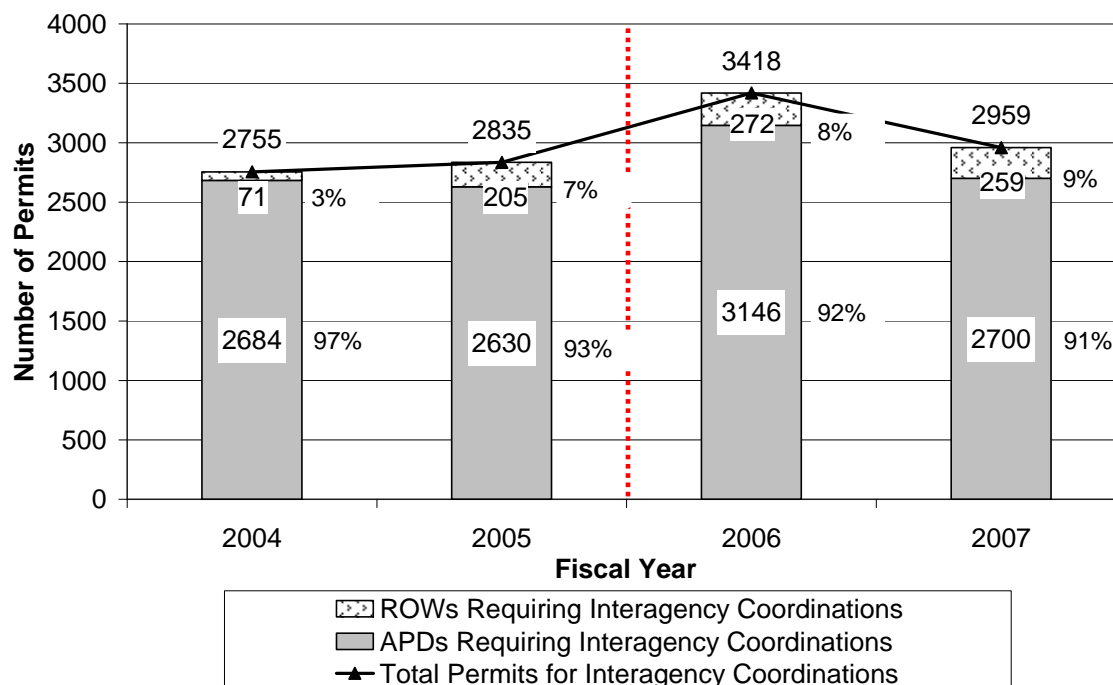
% figures indicate proportion of permits/nonpilot permits as a % of total permits.

Permits include APDs and ROWs.

FY03 data has not been displayed because FY03 interagency data was not provided for some pilot offices.

Figure 3, depicts the number of pilot office permits (APDs/ROWs) that require interagency coordination. For FY07, APDs comprise 91 percent of all interagency coordinated permits, while ROWs make up the remaining 9 percent. Overall, the numbers of permits requiring interagency coordination was 13.4 percent less in FY07 than in FY06.

Figure 3. Total Pilot Permits Requiring Interagency Coordination by Permit Type



Notes:

Source – pilot office NEPA logs and manually tracked data.

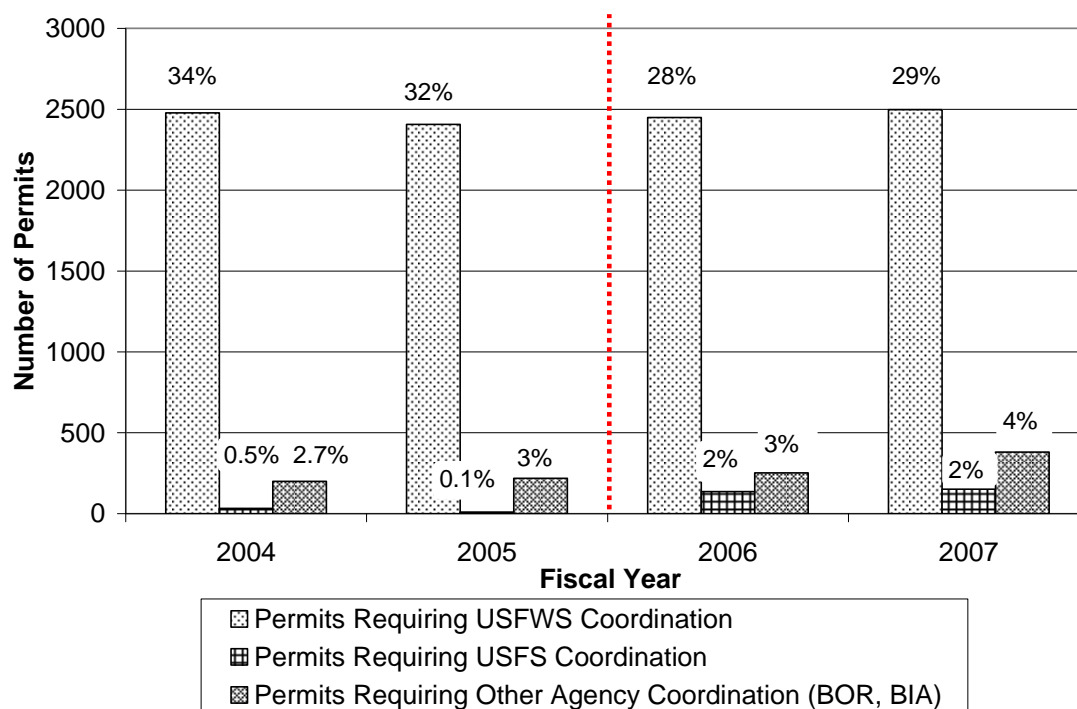
% figures indicate proportion of pilot/nonpilot permits as a % of total permits.

Permits include APDs and ROWs.

FY03 data has not been displayed because FY03 interagency data was not provided for some pilot offices.

Out of the 35 percent of the total permits that required interagency coordination, 29 percent had USFWS involvement for FY07, as depicted in Figure 4.

**Figure 4. Total Pilot Permits (APDs, ROWs)
Requiring Federal Interagency Coordination by Agency**



Notes:

Source – pilot office NEPA logs and manually tracked data.

% figures indicate proportion of permits with federal agency involvement.

Permits include APDs and ROWs.

FY03 data has not been displayed because FY03 interagency data was not provided for some pilot offices.

3.2.2 Coordination with Federal Agencies

The elapsed time for permits requiring interagency coordination generally shows a downward trend for the different federal agencies involved including USFWS, USFS, and USACE, except for BOR and BIA.

The following sections describe pilot office year two coordination and collaboration with federal agencies including USFWS, USFS, EPA, USACE, BIA, and BOR.

3.2.2.1 USFWS Section 7 Consultation

At the federal level, BLM routinely works with USFWS on ESA Section 7 and sensitive species consultations where such resource protection may be required during the processing of APDs, sundry notices, and ROW permitting activities. Colocation of USFWS biologists has allowed—

- More effective technical assistance on trust resource issues pursuant to the ESA, Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act

- Better understanding of differing points of view and agency positions so that issues can be addressed more quickly through personal interaction, where ideas and solutions can be readily exchanged. The USFWS biologists are considered critical members of the pilot office project teams
- Earlier input and an improved USFWS understanding of the details associated with BLM oil and gas projects, allowing USFWS trust resource issues to be identified early in the process for proposed projects (through formal and informal communication at the field level)
- Improved response time by addressing issues face-to-face instead of through letters and emails
- The building of trust between USFWS and BLM personnel, which establishes a collaborative “bridge” allowing complex issues to be addressed with less friction.

In the Buffalo and Glenwood Springs pilot offices, USFWS personnel had been colocated prior to the pilot project.

SHOWCASE

Colocation of a USFWS Biologist

The Buffalo Pilot Office has had a colocated USFWS biologist since mid-2005, in advance of the pilot program.



Based on lessons learned in the first 4 years of implementation of the original programmatic consultation, the USFWS recommended that BLM modify the existing document to further streamline the consultation process. The new document addressed:

- all possible well spacing scenarios
- a streamlined process for tiering both formal and informal consultation to a programmatic consultation
- interagency coordination at the project planning stage
- the need for USFWS staff to conduct effectiveness monitoring and site reviews to better assist the BLM in early project planning.

As expected, the new approach to Section 7 consultation has expedited the site-specific consultations. This provides for a “paperless” Section 7 consultation process that allowed BLM wildlife biologists the ability to make the determination for all routine actions, improving the average consultation time from 15 days to 1 day and will provide better protection for wildlife.

Examples of ongoing ESA Section 7 consultation and coordination with BLM pilot offices are described in the sections below.

Mile City

The Miles City Pilot Office has been working closely with the USFWS biologist for 2 years providing field training and education for oil and gas development. The USFWS biologist has provided the Miles City Pilot Office timely consultation with coalbed natural gas (CBNG) plans of development (POD) and management plans. Recently, the biologist has played a key role in providing the Miles City Pilot Office assistance in development of the Supplemental EIS and Miles City Pilot Office RMP. The position has recently been vacated but is expected to be filled by the end of the calendar year. The position will be moved to be colocated in the Miles City Pilot Office.

Buffalo

The Buffalo Pilot Office has had a colocated USFWS biologist since mid-2005, in advance of the pilot project. During year one, having a colocated USFWS biologist resulted in a reduction in response time for completing site-specific Section 7 biological opinions (BO) from 30 days to 15 days.

In FY07, the USFWS’s biologist in the Buffalo Pilot Office further streamlined the permitting process by completing the reinitiation of formal and informal programmatic consultation for the Powder River Basin (PRB) Oil and Gas EIS.

Based on lessons learned in the first 4 years of implementation of the original programmatic consultation, the USFWS recommended that BLM modify the existing document to further streamline the consultation process. The new document addressed:

- All possible well spacing scenarios
- A streamlined process for tiering both formal and informal consultation to a programmatic consultation
- Interagency coordination at the project planning stage
- The need for USFWS staff to conduct effectiveness monitoring and site reviews to better assist BLM in early project planning.

As expected, the new approach to Section 7 consultation has expedited the site-specific consultations. This revised BO provided for a “paperless” Section 7 consultation process that enabled BLM wildlife biologists to make the determination for all routine actions, improving the average consultation time from 15 days to 1 day. This new approach allows BLM wildlife biologists to make the consultation determination and also requires BLM to provide to the USFWS a quarterly report on the number and nature of the BLM actions taken. The new document addressed the need for USFWS staff to conduct more effectiveness monitoring and site reviews to better assist BLM in early project planning and to meet the USFWS’s mission to conserve fish and wildlife resources.

The new programmatic agreement has allowed the USFWS biologists to conduct more effective monitoring in FY07 than in previous years. Through the stepped up effectiveness monitoring efforts, the USFWS discovered that migratory bird mortalities, in oil pits, water disposal facilities, and by electrocution or collision with power lines, was occurring at a higher level than previously thought. This discovery prompted the USFWS to work with BLM and other federal agencies, Industry and operators, utility companies, and the general public to address this problem. By providing technical assistance to these entities to assist them in minimizing migratory bird mortalities from development in the PRB, Industry has voluntarily developed and implemented Avian Protection Plans (APP).

SHOWCASE

Industry Avian Protection Plans Avoiding Bird Mortality

A new programmatic agreement has allowed the USFWS biologists to conduct more effective monitoring in FY07 than in previous years. Through the stepped up effectiveness monitoring efforts, the USFWS discovered that migratory bird mortalities, in oil pits, water disposal



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the USFWS to work with BLM and other federal agencies, industry and operators, utility companies, and the general public to address this problem. By providing technical assistance to these entities to assist them in minimizing migratory bird mortalities from development in the PRB, industry has voluntarily developed and implemented Avian Protection Plans (APP).

The APP developed by the Powder River Energy Corporation covers an 18,000 square mile operational area and ensures that the corporation's power lines are built to specifications, which minimizes impacts to migratory birds, and that existing power lines are retrofitted to meet these same specifications. Additional APPs are in the process of being developed by several other energy companies, in coordination with the USFWS, to minimize the potential for migratory bird mortalities associated with operator-owned power lines servicing oil and gas production.

The APP developed by the Powder River Energy Corporation covers an 18,000 square mile operational area and ensures that the corporation's power lines are built to specifications, which minimizes impacts to migratory birds, and that existing power lines are retrofitted to meet these same specifications. Additional APPs are in the process of being developed by several other energy companies, in coordination with the USFWS, to minimize the potential for migratory bird mortalities associated with operator-owned power lines servicing oil and gas production.

USFWS efforts to streamline the application process, as described above, are not unique to the Buffalo Pilot Office. Staff located in, and in support of, energy pilot offices strive to ensure that Section 365 of the Energy Policy Act of 2005 is implemented in conjunction with continued conservation of fish and wildlife resources. Through meetings, site visits and formal comments, USFWS staff routinely provide up front and early recommendations to the BLM and other federal agencies during project planning. In the Vernal Pilot Office, USFWS staff attend weekly meetings with agencies and Industry to discuss proposed development actions.

In Wyoming, three Level 1 Interagency Streamlining Teams meet quarterly to discuss projects and develop conservation measures. USFWS staff in all pilot offices communicate routinely and work together to share information, which results in improved coordination between the USFWS and permitting agencies. These early discussions are invaluable, often resulting in NEPA documents that require little revision in regards to the analysis and subsequent protection of fish and wildlife resources. Finally, in the event that ESA Section 7 consultation is required, the timeline may be greatly expedited when the permitting agency implements the USFWS's recommendations, thus streamlining the entire permitting process.

Rawlins

Funding was provided in FY06 for one USFWS biologist position to support the Rawlins Pilot Office with ESA Section 7 consultation. This position was colocated in Rawlins and was filled for approximately 1 year until the person moved to a new position. Having the position located in the BLM office did provide direct access and communication on issues regarding threatened and endangered (T&E) species. It improved response time and the opportunity to discuss questions and to clarify what was being proposed and suggested. Having a USFWS biologist in the BLM office also provided the opportunity for the USFWS staff to be intimately familiar with projects by participating in onsite visits and discussing issues with the BLM biologists.

For FY07, additional funding was provided to the USFWS for a second biologist to support the Rawlins Pilot Office. This position is located in Cheyenne, Wyoming, while the original position will remain colocated with the BLM in Rawlins. Both positions assist in ESA Section 7 consultation, monitoring of implementation of conservation measures, water contaminants and familiarity with the Migratory Bird Treaty Act, and planning of energy projects. Having the additional staff has been a great benefit to the Rawlins Pilot Office and has strengthened an already good working relationship with the USFWS.

The Rawlins Pilot Office participates with other federal and state agencies in a program called *Monitoring without Borders*. The purpose of the program is to monitor wildlife species without respect to political boundaries and to gather information to map several types of wildlife habitat. As a result of the *Monitoring without Borders* collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which kept the species from being listed as a T&E species.

Vernal

The USFWS's pilot office staff biologist is not colocated within the Vernal Pilot Office; however, close coordination and a consistent schedule has allowed the USFWS staff member to remain at a location 3 hours away from the BLM office yet maintain efficiency regarding oil and gas development. Weekly, new EA and EISs are placed on a file transfer protocol (FTP) Web site where federal agency staff can download the documents for review. Comments on drafts are made to the documents using track changes. Edited documents are then sent back to BLM in time for the weekly NEPA meetings. All interested parties, including the BLM, USFWS, USACE, Industry, and their representatives, convene and discuss any unresolved or common issues with the proposed action and the document. This process has allowed USFWS concerns to be addressed much earlier in the planning process and has streamlined development of EAs and EISs.

In FY07, the USFWS received authorization to increase its staff working with the Vernal Pilot Office by two positions, one biologist and one botanist. Both positions will be colocated in the Vernal Pilot Office instead of the USFWS office in Salt Lake City. The biologist position has been selected and reported to the Vernal Pilot Office on October 15, 2007. The botanist position has not been selected yet. The Vernal Pilot Office has seen improvements in the time needed to complete the formal consultation process as the USFWS positions hired to work with the Vernal Pilot Office are involved in the NEPA process early on. Having the additional positions located in the Vernal Pilot Office should further improve needed Section 7 consultations.

In Utah, USFWS programmatic consultations have been completed to streamline individual APD processing. Conservation measures have been developed in coordination with BLM that provide protection for listed plant species. The programmatic consultations and conservation measures developed have been transparent to Industry. This has streamlined all aspects of the APD approval process because all interested stakeholders know what measures need to be incorporated into their proposed actions to minimize impacts on listed species.

The Uinta Basin Partners for Conservation and Development group comprises Industry, state, and federal agencies, including the USFWS. The group focuses on working collaboratively to protect Utah's wildlife while allowing energy development to proceed.

Glenwood Springs

A USFWS biologist has been colocated with BLM and USFS personnel in the Glenwood Springs Pilot Office since March 2006. The biologist has worked proactively with the BLM and USFS to address 12 listed species, migratory bird issues, and wetland issues associated with the issuance of approximately 400 APDs and numerous pipeline projects. Having a USFWS biologist colocated in the Energy Office has reduced Section 7 consultation times from an average of 45 to 13 days.

This position has also allowed for the opportunity to provide early input on larger planning efforts (Roan Plateau RMP/EIS, Colorado BLM state office migratory bird policy, Oil Shale/Tar Sands Programmatic EIS). These planning areas have habitat for greater sage-grouse, Colorado River cutthroat trout (previously petitioned and litigated species), and several listed and candidate plants, and affect four endangered fish species in the Colorado River.

Having a USFWS biologist colocated in the Glenwood Springs Energy Office has reduced Section 7 consultation times from an average of 45 to 13 days.

Knowledge accumulated by the energy biologist relative to energy development is transferred to other USFWS staff in their review and interaction with other energy development projects occurring throughout the State of Colorado. This “resident expert” concept facilitates USFWS capacity to provide biological expertise to entities involved in energy development including nonpilot BLM offices.

During FY07, a second biologist was hired by the USFWS and assigned to the Energy Office, stationed in the Grand Junction USFWS office. The new position has resulted in improved formal and informal Section 7 consultations. Because the authority to make decision rests with the Grand Junction USFWS office, some delays and inefficiency still exist.

Collocation provides opportunities for the USFWS biologist to attend twice a month energy office NEPA meetings to stay informed of ongoing and upcoming projects. The Energy Office is located near the heart of gas drilling in the Glenwood Spring resource area, which allows the pilot biologist to attend onsite visits for proposed energy projects. Collocation allows the USFWS pilot biologist to use BLM Geographic Information System (GIS) data, providing a greater and more precise understanding of proposed projects and the potential impacts to fish and wildlife resources.

Large natural gas pipeline projects, energy corridors, and oil shale leasing areas may affect T&E species. The USFWS pilot office biologist has been able to assist with ESA compliance and NEPA documentation on these projects beyond that which is normally provided for APD processing.

The Glenwood Springs Pilot Office participates in a statewide wildlife collaboration group that has allowed BLM, USFWS, and the CDOW to streamline interagency consultation, develop protocols, and improve consistency in decision-making.

Farmington/Carlsbad

During the intervening periods when the positions were vacant, the New Mexico USFWS Ecological Services (USFWS-ES) Field Office detailed personnel into the Farmington and Carlsbad pilot offices to work in an integrated manner with BLM to expedite necessary consultation and coordination procedures. The USFWS-ES Field Office provided requisite reviews of land use planning (including development or revision of RMPs), oil and gas leasing, and issuance of drilling permits. This included assisting BLM in components of the oil and gas leasing and management program on federal lands, including ESA Section 7 consultation and technical assistance. This assistance resulted in USFWS review of 96 oil well APDs, 44 gas well APDs, 12 ROW power lines, 6 ROW road access, and 64 ROW pipeline projects. The USFWS was also involved in several environmental reviews for geophysical (seismic) exploration, surveys for listed and candidate species, and technical assistance as it relates to the Migratory Bird Treaty Act.

In an effort to preclude listing of the lesser prairie chicken and sand dune lizard, which are both candidates under the ESA, BLM included a framework of conservation measures in its RMP amendment EIS. USFWS biologists in the Carlsbad BLM Office provide technical assistance to BLM and its applicants on these candidate species for oil and gas projects during early project planning and onsite visits.

In addition, the detailed USFWS biologists in the Carlsbad Pilot Office provided technical assistance to BLM regarding the nonessential experimental population (Section 10(j) of the ESA) of northern aplomado falcon in New Mexico. The incorporation of conservation measures by BLM has streamlined the process for completing Section 7(a)(4) conference reports for oil and gas activities. The results of a conference are advisory in nature and do not restrict agencies from carrying out, funding, or authorizing activities. The Section 10(j), designation also lessens land-use restrictions associated with the ESA, which

makes the establishment of falcons in New Mexico less controversial to agency land managers and should result in more cooperative falcon conservation efforts.

The Carlsbad Pilot Office had not filled the USFWS biologist position by the end of FY06. In the interim USFWS provided a detail position that helped with oil and gas activities. The wildlife staff conducted a conference consultation on a seismic project with the USFWS Albuquerque Field Station, facilitating the meeting in the absence of the assigned USFWS biologist. This process took approximately 30 days to finalize. The process may have taken half that time if there had been a USFWS biologist on staff.

The Carlsbad Pilot Office had a USFWS biologist for approximately 3 months during FY07. The employee was colocated and fully integrated into the Carlsbad Pilot Office. This employee assisted wildlife staff with the energy-related projects that had potential to impact T&E species or other federal, state, and BLM special status species. During the 3 months, the biologist was working on migratory bird issues associated with a salt playa lake created by a potash company. However, due to legal issues with the previous potash company and the USFWS, the lake is no longer used for potash tailings disposal. The brine remaining in the playa is being used by the oil and gas industry for drilling purposes, which requires monitoring. Migratory water fowl and shore birds were using the area as a stopover location. As the avian species stopped for the night, the salt content of the water hindered their flight, salt eventually crusted over the birds, and the birds perished. The biologist with the USFWS was working with the potash company to alleviate the violations of the Migratory Bird Treaty Act. The USFWS biologist also assisted on numerous onsite visits for oil and gas well pad placements in sensitive species and Section 10(j) habitats.

The Farmington Pilot Office established a temporary USFWS biologist position in January FY07. This position was changed to full time and was temporarily filled using a detailed biologist, starting in June 2007. The position has since been re-advertised and is now filled, with the candidate reporting in November of 2007.

Benefit Insights for Nonpilot Offices (BLM Pinedale Field Office)

In Wyoming, BLM offices, including the two pilot offices, processed 4,602 APDs in FY07. Nearly 30 percent of those APDs were processed by nonpilot BLM offices, especially by the Pinedale Field Office, which processed 15 percent of the overall APDs. Although the USFWS prioritized projects associated with designated pilot offices, internally the Wyoming USFWS became increasingly concerned with the large-scale oil and gas development that was occurring on BLM lands that were not designated as pilot office lands and were not considered high priority, despite known and potential impacts to fish and wildlife resources.

It is well known that BLM lands outside of the designated pilot offices in Wyoming hold fish and wildlife resources that are extremely valuable to the state and possibly to the continued existence of particular species that are impacted. The USFWS's concern resulted in the relocation of the USFWS's Wyoming Field Office Energy Development Supervisor to the Pinedale BLM office to ensure USFWS presence and involvement in activities proposed by nonpilot offices. These proactive efforts ensure that the USFWS can provide up-close and personal technical assistance to BLM, other federal agencies, state, private citizens, and Industry. For example, USFWS staff in Pinedale has participated in BLM IDTs during early review of large-scale development when all potential impacts must be considered, ensuring that the final decision is not delayed because of a lack of coordination between agencies.

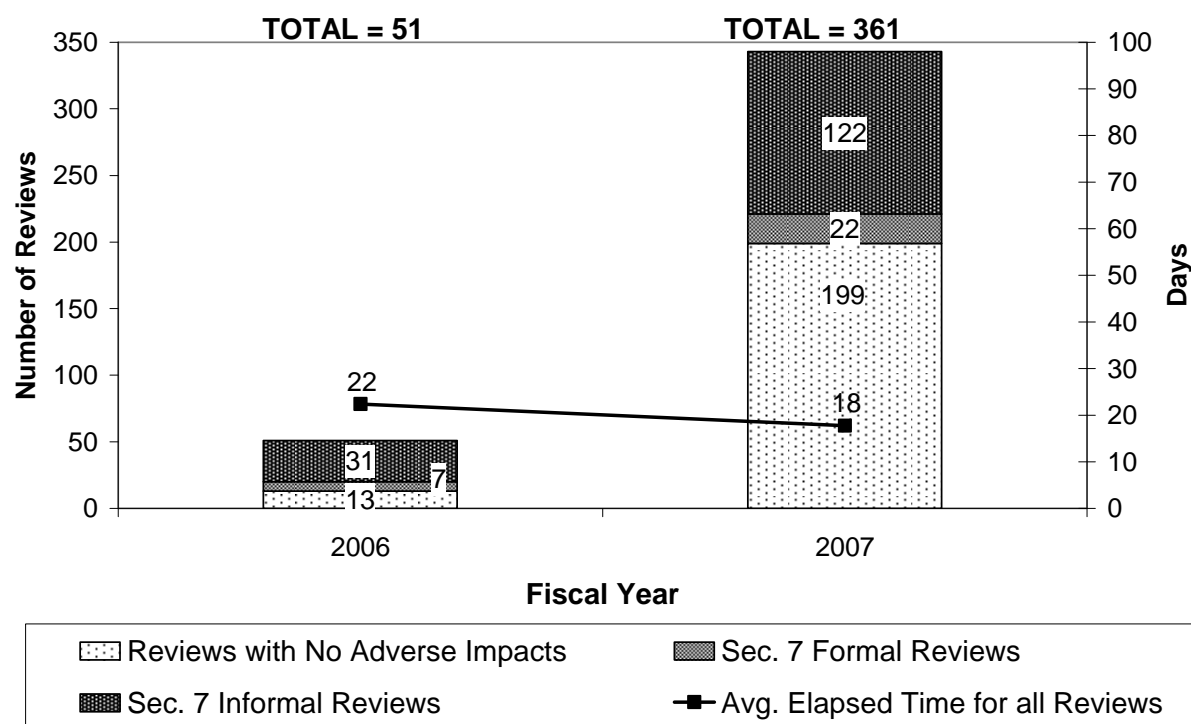
USFWS staff has also been involved in site visits with BLM and Industry staff, which ensures that the projects and potential impacts are clearly understood. In addition, colocation of USFWS staff in the Pinedale Field Office has resulted in an overall improvement in technical assistance and in building

relationships with the nonpilot BLM offices throughout Wyoming. The USFWS provides technical assistance, attends meetings and site visits, and is building relationships with several nonpilot BLM offices in Wyoming. Previously, because of exorbitant travel time, the USFWS could only visualize a project through maps and photographs and working with other agencies and Industry was limited to emails or phone calls. Although colocation of USFWS staff in a nonpilot BLM office has been in place for only a short period of time, the USFWS is optimistic that this innovation will result in increased efficiency and trust between agencies as well as an understanding that the USFWS, BLM, and Industry are working together to find a balance between development and conservation.

In Figure 5, USFWS has also shown a decrease in the elapsed time for the number of NEPA-related reviews from 22 days to 18 days. This is significant when considered with a nine-fold annual increase for FY07 in the number of USFWS NEPA-related reviews processed.

Figure 5. Total Permit/Project NEPA Reviews Involving USFWS

(No Adverse Impact, Section 7 Informal, Section 7 Formal)



Notes:

Source – USFWS.

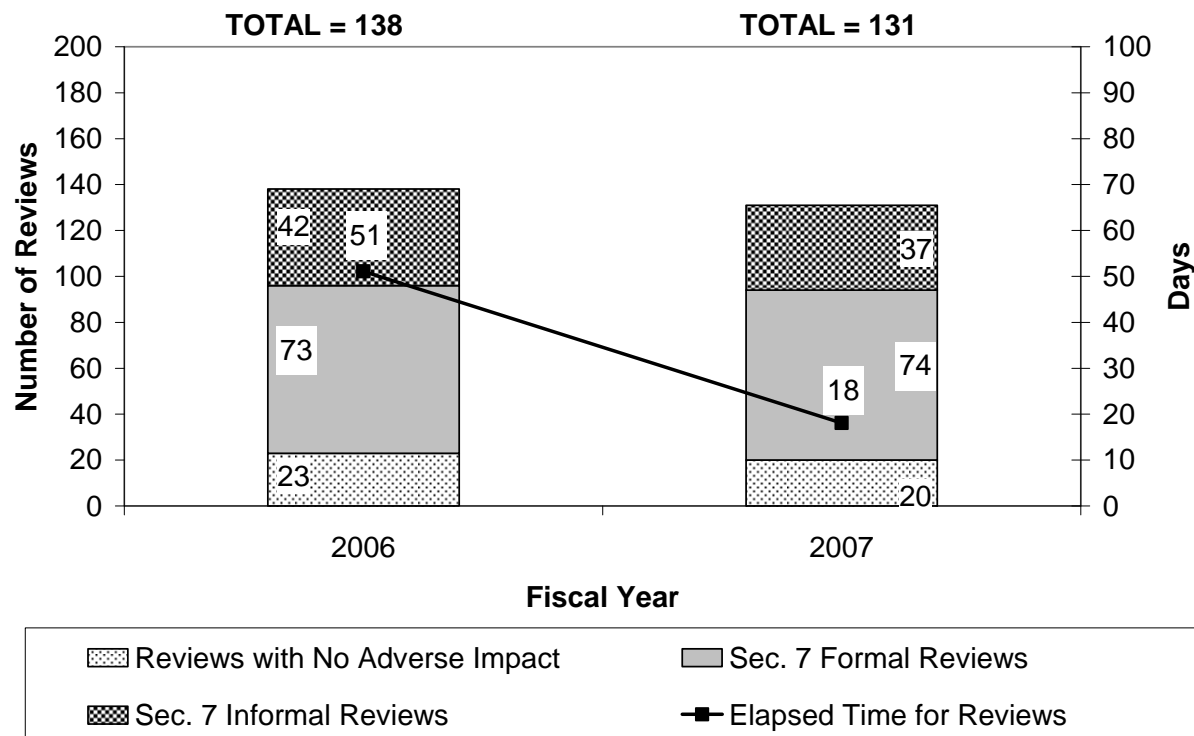
Data does not include USFWS programmatic Section 7 NEPA consultations.

Data was tracked only for FY06 onward.

In Figure 6, USFWS has shown a 65 percent decrease in the elapsed time for the number of NEPA-related programmatic reviews from 51 days to 18 days. This is significant when considering that varied scope and complexity programmatic-related reviews.

Figure 6. Total NEPA Programmatic Reviews Involving USFWS

(No Adverse Impact, Section 7 Informal, Section 7 Formal)



Notes:

Source – USFWS.

Data does not include USFWS permit/project NEPA reviews.

Data was tracked only for FY06 onward.

USFWS has shown significant decreases in elapsed times of Section 7 reviews at Buffalo, Glenwood Springs, Rawlins, and Vernal pilot offices, despite significantly increasing the volume of reviews. See individual pilot office graphs in Appendix 8.

3.2.2.2 USFS Coordination

The USFS cooperates with BLM to ensure that management goals and objectives for oil and gas exploration and development activities are achieved, that operations are conducted to minimize effects on surface resources, and that the land affected by operations is rehabilitated. BLM issues and administers oil and gas leases on USFS lands only after the USFS has made a leasing availability decision and taken the action necessary for BLM to offer available lands for lease. When a federal lease on USFS lands is issued, the USFS has full responsibility and authority to approve and regulate all surface-disturbing activities associated with oil and gas exploration and development through analysis and approval of the Surface Use Plan of Operations (SUPO), a component of an APD.

By colocating USFS personnel in the pilot offices, collaboration is resulting in the following:

- USFS participation on project IDTs
- Streamlining and improvement of EA time frames
- Collaboration and coordination on I&E activities.

Buffalo

The colocation of a USFS employee in the Buffalo Pilot Office resulted in 100 percent elimination of the APD backlog on USFS lands, improved communication and coordination, and a draft streamlined process for USFS to use in processing APDs in the PRB.

The Buffalo Pilot Office communication and coordination efforts have been improved immensely as a result of colocating a USFS position. A successful communication link was established for weekly updates from the USFS District Office to the Buffalo Pilot Office Liaison. The weekly information results in timely status reports to the Buffalo Pilot Office. Thus ensuring status information is included in the BLM database systems supporting management of federal oil and gas resources. This communication link and the colocation of the liaison position are noteworthy in the 100 percent elimination of the APD backlog that existed prior to FY07.

To expedite APD and sundry processing on National Forest System Lands, the USFS Liaison, in consultation with the Douglas Ranger District, has established procedural processing guidelines that parallel the Buffalo BLM APD and Sundry Processing Guidelines. This document clarifies procedures, roles, and responsibilities of the USFS, BLM, and operator. The objective is a streamlined process in processing APDs and sundry notices in the PRB. By adapting these guidelines, the process of permitting an APD or Sundry is similar for both agencies, which will create less confusion for the proponents who work on lands administered by both agencies. An Energy Office Action Plan identified internal process challenges and proposed process efficiencies. The plan further established USFS procedures for conducting permitting and administration of oil and gas operations on National Forest System Lands covered by the Buffalo Pilot Office. This plan was rolled into and made a part of the Procedural Guidelines Document.

An Effectiveness Monitoring Program was developed as a result of the liaison position. When implemented, the program would:

- Consistently execute forest plan monitoring commitments
- Support environmental analysis and decision-making
- Determine whether conditions of approval (COA) are accomplishing their intended purposes.

Average elapsed USFS NEPA completion time for single APDs or CBNG PODS is beginning to decrease from 2-3 years in duration to a year or less. Previous years long USFS elapsed times have been the result of constraints from the small Douglas Ranger District staff size. With the addition of the USFS Pilot Office Liaison, timing improvements are now occurring.

Vernal

The Vernal BLM/USFS streamlining process is going exceptionally well. Working closely with the BLM's staff allows current situations to be reviewed in detail.

- The process stays current with existing requests as well as with trends, events, and issues.

- Using the previous Executive Order plans and input from earlier USFS coordinators' reviews, the BLM staff has recast the mission of the minerals program and described a vision of what the USFS Pilot Office would be in 2007.

The USFS developed a strategic plan that commits to specific strategies, actions, responsibilities, and timelines for implementing strategic plan direction. BLM field units completed specific action plans for their units and supported the USFS strategic plan. BLM quarterly meetings allow USFS leadership and our many partners and customers, including EPA, to engage in critical topics and discuss current issues. This participation ensures the concerns and expectations on Onshore Order issues are voiced.

SHOWCASE

Interagency Teams

The Glenwood Springs Pilot Office and the White River National Forest (WRNF) collaborated in developing an integrated concept for the Energy Office to use USFS and BLM specialists assigned to the Energy Office to support management of the energy program regardless of agency affiliation. Examples of specialists working on integrated interagency team include—

- the USFS Civil Engineering Technician providing support on BLM energy ROW (road) proposals
- the BLM NRS serving as the NEPA lead for projects on USFS lands
- the USFS Ecologist and other Energy Office staff specialists providing field and NEPA support for onsite exams and environmental assessments
- the PETs provide assistance for compliance on USFS lands
- the USFS Biological Scientist conducted 430 environmental inspections on BLM wells, recording them into AFMSS
- the USFS ecologist developed two comprehensive plans for reclamation and weed monitoring and control that have been implemented as a COA for permits on both agencies lands.



Glenwood Springs

The Glenwood Springs Pilot Office and the White River National Forest (WRNF) collaborated in developing an integrated concept for the Energy Office to use USFS and BLM specialists assigned to the Energy Office to support management of the energy program regardless of agency affiliation. The USFS staff assigned to the Energy Office are: a Liaison, a Physical Scientist (permitting), a Biological Scientist (compliance), a Wildlife Biologist, an Ecologist, and a Civil Engineering Technician. There are numerous examples of specialists working on an integrated interagency team such as the USFS Civil Engineering Technician providing support on BLM energy ROW (road) proposals and the BLM NRS serving as the NEPA lead for projects on USFS lands. Other examples are the USFS Ecologist and other Energy Office

staff specialists providing field and NEPA support for onsite exams and environmental assessment documents. The PETs provide assistance for compliance on USFS lands and the USFS Biological Scientist conducted 430 environmental inspections on BLM wells, recording them into AFMSS. In addition, the USFS ecologist developed two comprehensive plans for reclamation and weed monitoring and control that have been implemented as a COA for permits on both agencies lands.

An MOU between the WRNF and the Glenwood Springs Pilot Office was written to establish guidelines for both agencies in the operation of the Energy Office. Both agencies meet regularly to review and make changes in staffing levels and requests, supervision, budget, and overall management of the Energy Office to improve permitting and compliance actions.

USFS specialists participate in the Energy Office's NEPA bi-monthly meetings to coordinate, prioritize projects, address NEPA issues, and track progress through the completion of NEPA documents on both USFS and BLM lands. A review of USFS and BLM NEPA procedures is currently being conducted to improve timeline and other efficiencies in the preparation of NEPA documents. The interagency IDT maximized the use of Section 390 CXs and USFS Handbook CXs to improve processing timeframes of SUPOs.

Compliance Actions were conducted using BLM authority and Energy Office personnel to issue verbal and written orders and Incidents of Non Compliance (INC). Verbal orders were issued by the PET for non-compliance items on USFS lands and monitored for corrective action. Three INCs were issued under signature of the BLM Energy Office Manager and one written order was issued. The use of the BLM authority and personnel in these situations helped expedite and resolve the non-compliance issues more efficiently than the use of USFS Authority. All actions were entered into the BLM AFMSS database.

The BLM databases such as AFMSS and LR2000 are shared and used by USFS personnel. Also, all USFS NEPA actions concerning oil and gas authorizations (SUPOs) were entered into the BLM Glenwood Spring Pilot Office's NEPA log, available to the public.

The two agencies have also developed an integrated GIS database to facilitate environmental reviews associated with permitting actions and preparation of EAs.

Farmington

The USFS Liaison in the Farmington Pilot Office works with the Carson National Forest NEPA specialists to consider means and methods of streamlining the USFS NEPA process used for Surface Use Plans of Operation (SUPO).

The Carson National Forest successfully used the Energy Policy Act, Section 390 Categorical Exclusions (CXs) in FY07. With the expected approval of the Jicarilla Ranger District Gas Leasing and Development EIS in FY08, additional CXs will also be available for use. This will enable USFS to use the Energy Policy Act CXs for most of the SUPOs it processes.

With the addition of USFS personnel in the Farmington Pilot Office, the FY07 APD processing time has been reduced by more than 100 days on average.

With the addition of USFS personnel in the Farmington Pilot Office, examples of efficiency improvements include the following:

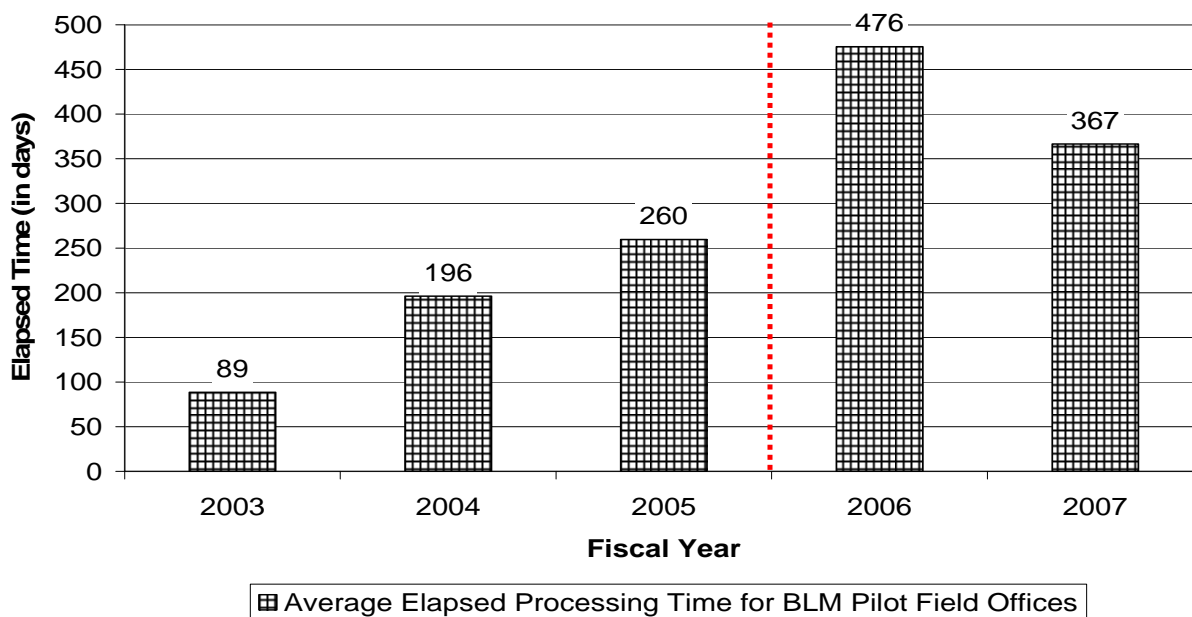
- USFS consults with the BLM to ensure that 10-day notices for completed APD and 30-day notices for deferred APDs are sent on time.

- A list of APD backlogs awaiting USFS-approved SUPOs has been established and is being reduced.
- For FY07, the APD processing time has been reduced by more than 100 days on average.
- Database sharing has provided means for processing time improvement.
- An additional archeologist is dedicated to improving the APD processing time within the USFS boundaries.
- Communication efficiency is increased between agencies on shared projects, including pipeline ROWs.

Figure 7 shows the USFS overall average annual elapsed time for surface management NEPA completion of Pilot Office APDs where the USFS is the surface managing agency. Only four pilot offices have USFS administered surface estate including Buffalo, Glenwood Springs, Vernal and Farmington. In FY07, the USFS NEPA completion elapsed time has been reduced from FY06 by 23 percent (476 to 367 days).

The jump in annual elapsed time from FY05 to FY06 is a result a two year EA processed by the USFS and the Glenwood Springs Energy Office USFS and from an AFMSS APD data anomaly identified for the Buffalo Pilot Office. The FY06 average elapsed time is biased on the high side.

Figure 7. Average Elapsed Time for USFS Surface Management APD NEPA Documentation for All Pilot Offices



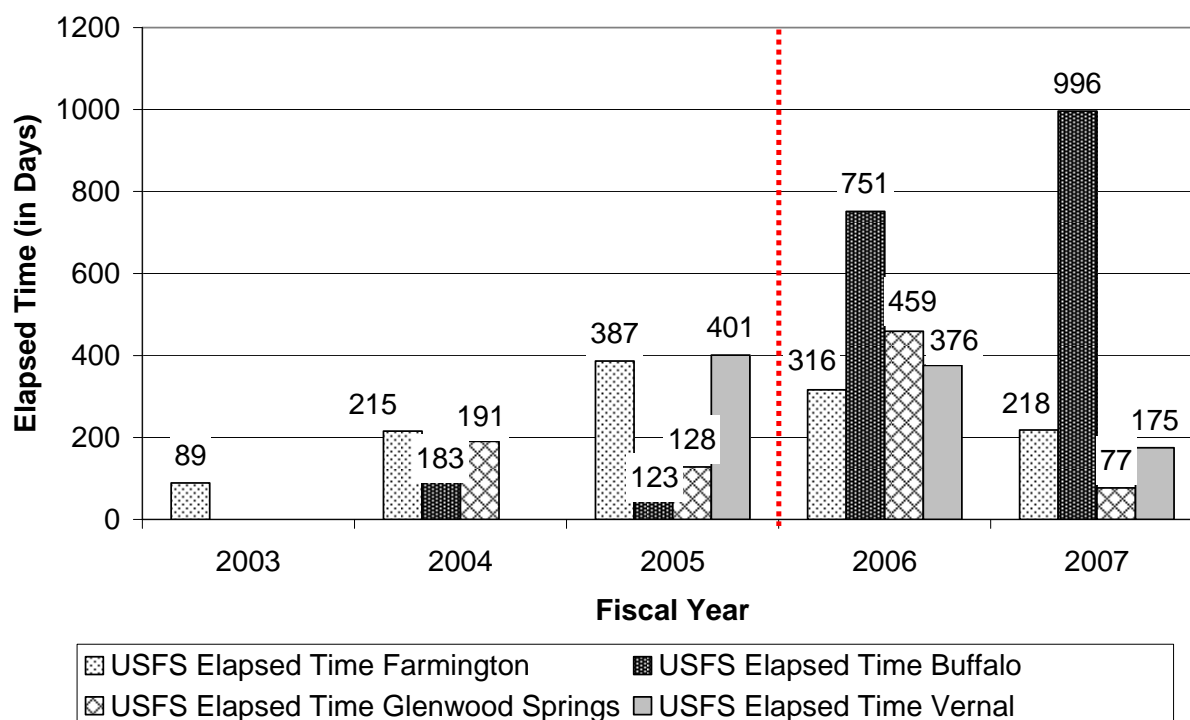
Notes:

Source – AFMSS APD data where the USFS is the surface managing agency

Only Farmington data is available for 2003, Vernal data was unavailable for FY03-04.

Figure 8 shows the USFS average elapsed time for surface management NEPA completion for Pilot Office APDs where the USFS is the surface managing agency. In FY07, the USFS NEPA completion elapsed time has been reduced in Farmington by 31 percent (316 to 218 days), Glenwood Springs by 83 percent (459 to 77 days), and Vernal by 53 percent (376 to 175 days).

Figure 8. Average Elapsed Time for USFS Surface Management APD NEPA Documentation for the Four USFS Pilot Offices



Notes:

Source – AFMSS APD data where the USFS is the surface managing agency.

Buffalo Elapsed Time has begun to decrease, but what is depicted for FY07 is biased, based upon an AFMSS APD data anomaly.

Only Farmington data is available for 2003, Vernal data was unavailable for FY03-04.

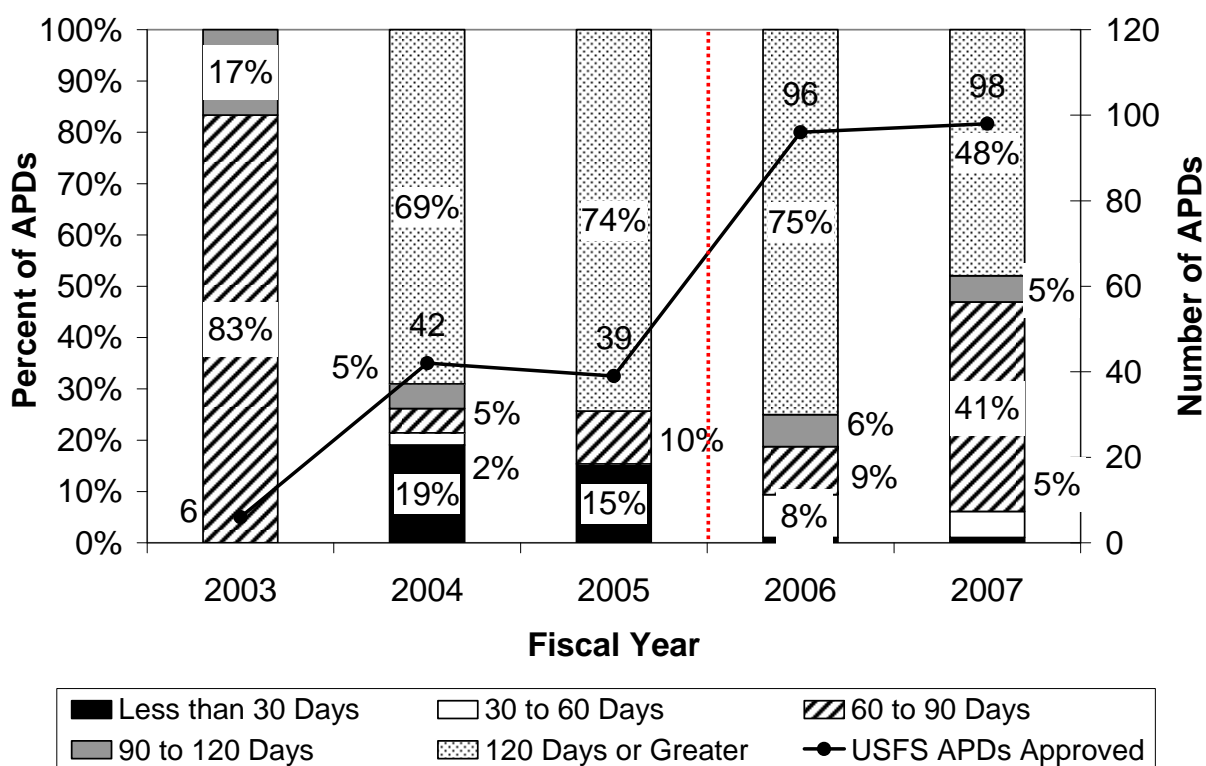
The Buffalo Pilot Office appears to have experienced a dramatic elapsed time increase from 123 days in FY05, to 751 days in FY06, and 996 days in FY07. This has been determined to be significant statistical error introduced into AFMSS during FY04 and FY05. During this time, multiple CBNG APDs were being processed using the POD process by the USFS taking 2-3 years of elapsed time to complete the EAs. Each approved CNG APD received an “average” USFS NEPA review elapsed time by taking the total elapsed time for the POD EA completion and then dividing by the number of wells in each POD. Therefore, the BFO elapsed times for FY04 and FY05 are erroneously low as average elapsed USFS NEPA completion times have consistently taken two to three years (730 days to 1,095 days). These long USFS elapsed times are the result of constraints from the small Douglas Ranger District staff size and with other higher priority USFS workloads. In FY06, the Buffalo Pilot Office hired a colocated USFS

position that has resulted in the alleviation of a 100 percent backlog of APDs awaiting USFS NEPA action. With the addition of the USFS Pilot Office Liaison, timing improvements are now occurring.

A similar jump in FY05 to FY06 average elapsed USFS NEPA completion time has occurred for the Glenwood Springs Energy Office. In late FY05, the Hell's Gate Project EA was initiated. The average elapsed USFS NEPA completion time to complete this project EA was over two years, which caused the time for FY06 to be extraordinarily high.

Figure 9 shows the percentage of BLM pilot office APDs with USFS surface management approved with 30, 60, 90, 120 and 120 or more days.

Figure 9. Percentage of APDs Approved for USFS Surface Management within 30, 60, 90, 120, 120+ Days for the Four USFS Pilot Offices



Notes:

Source – AFMSS APD data where the USFS is the surface managing agency

Buffalo Elapsed Time has begun to decrease, but what is depicted for FY07 is biased, based upon an AFMSS APD data anomaly.

Only Farmington data is available for 2003, Vernal data was unavailable for FY03-04.

To aid in meeting the objectives of the pilot interagency MOU, USFS personnel are being provided user access to BLM's non-Indian AFMSS. AFMSS is a Bureau-level computer system which supports federal well permitting and I&E workload processing. Approximately 50 USFS positions are being granted read only access to specific BLM oil and gas field office AFMSS databases where USFS has surface management responsibilities.

3.2.2.3 EPA Consultation

Pilot office consultation with EPA is limited to tribal and Indian allottee surface estates overlaying federal minerals. In all other surface ownership cases, EPA has delegated CWA and CAA program administration to the state government. However, frequent coordination between BLM and EPA may occur on RMP and major EIS project documents.

Farmington

BLM collaborates with the U.S. Environmental Protection Agency (USEPA) on the repair or plugging of injection wells. To help further this collaboration, an EPA position is collocated in the FFO. The EPA employee was collocated in the field office prior to the Pilot Project. The EPA employee has been delegated authority to approve emergency actions by BLM. Colocation of the USEPA employee has greatly improved day to day working efficiency between BLM and EPA.

Vernal

Much of the energy development within the Vernal Pilot Office falls within the exterior boundaries of the Uintah and Ouray Reservation. Although the federal mineral estate within the reservation is managed by the BLM, the surface estate is considered to be Indian country; therefore, the state of Utah has not been delegated the primacy for administering CWA and CAA programs on these lands.

The Vernal Pilot Office held several coordination meetings with the EPA to discuss early participation in the NEPA process and to address streamlining EPA actions, which could reduce the current 18 to 24 months time frame for Utah Indian Country (UIC) approval from EPA Region 8.

In 2004, a draft RMP air quality study was prepared for the Vernal Pilot Office. That office has used the study for its NEPA documents in the APD process. That same airshed is being reevaluated in another air quality study being prepared for other RMPs in Colorado (for near- and far-field impacts, including that from ozone) using updated information. The oil and gas Industry has committed funding for a second air quality study that will serve as a baseline for future NEPA projects.

3.2.2.4 USACE Coordination

The USACE regulates the placement of dredged and fill material into wetlands and other waters of the United States as authorized primarily by Section 404 of the CWA (33 U.S.C. 1344). The term "waters of the United States" has been broadly defined by statute, regulation, and judicial interpretation to include all waters that were, are, or could be used in interstate commerce such as streams, reservoirs, lakes and adjacent wetlands. Project proponents are required to obtain authorization prior to commencing with regulated activities in waters of the U.S.

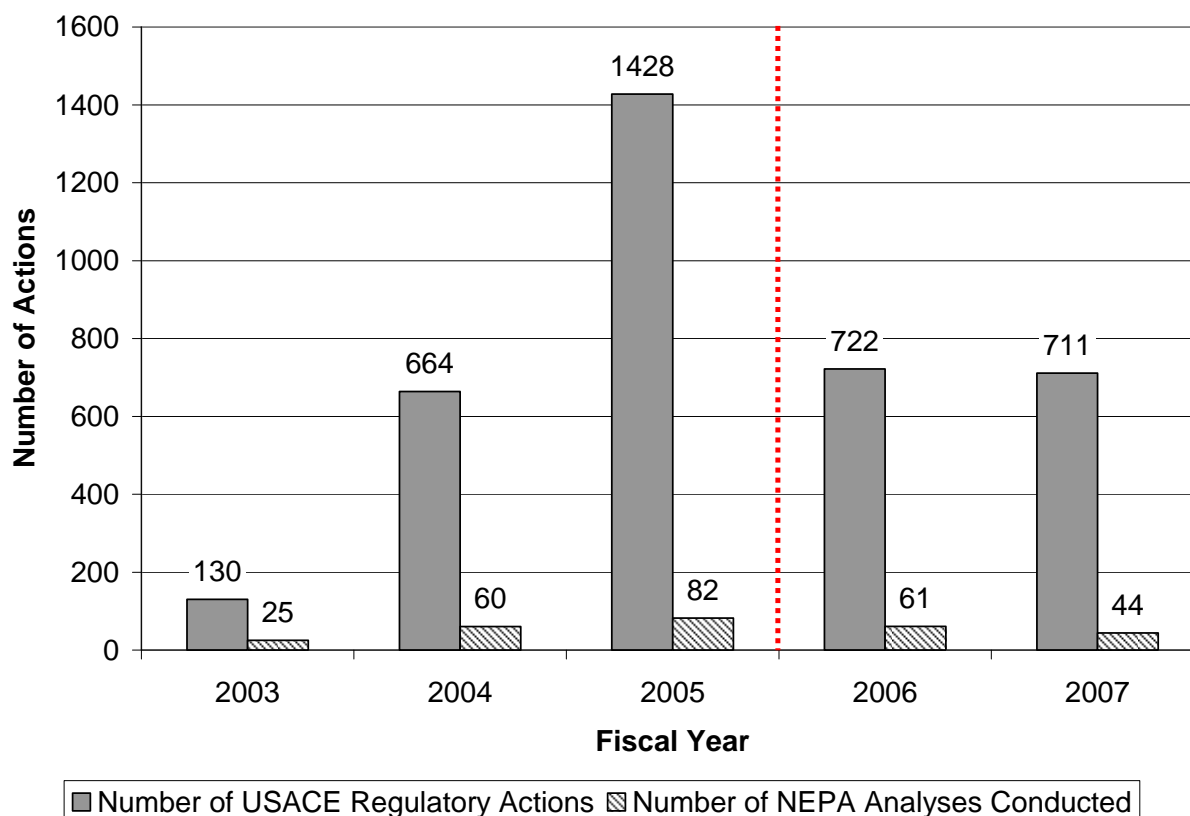
Section 404 of the CWA does not require agencies to "consult" or coordinate with the USACE on federal actions undertaken by those agencies. Furthermore, federal agencies like the BLM are not required to obtain authorization from the USACE on behalf of other entities who obtain a federal permit or license from that agency to undertake activities that may be subject to regulation. Project proponents are responsible for contacting the USACE and obtaining any authorization that may be required.

The BLM typically includes COAs when approving an APD. Although a COA requiring compliance with provisions of the CWA is appropriate, there are opportunities for the BLM to improve coordination with the USACE and avoid non-compliance rather than relying solely on the COA as a means of ensuring

compliance. Coordination efforts by the BLM that enhance communication between the USACE and project proponents (operators) during processing of an APD have proven to be most beneficial.

Figure 10 illustrates the total number of regulatory actions completed by USACE within all pilot office areas from 2003-2007. The graph also lists the number of those actions that required NEPA analyses during the same time period

Figure 10. USACE Total Regulatory Actions for All Pilot Offices



Notes:

Source – USACE OMBIL Regulatory Module 2 System

Figure 10 shows a large decrease in the number of USACE regulatory actions from FY 2005 to FY 2006. This decrease in the number of total actions is actually the result of a dramatic increase in actions within the Buffalo area in FY 2005 that was prompted by unique circumstances. Prior to January 2005, General Permit 199820008 (GP 98-08) was in effect. GP 98-08 authorized several activities including construction of reservoirs associated with management of product water from coal bed natural gas wells. Authorization by GP 98-08 did not require prior notification of the USACE, which led to a perception that construction of any reservoir was authorized with no consideration of whether it was actually located in a water of the United States. On January 7, 2005, the United States District Court for the District of Wyoming remanded GP 98-08 in the case of *Wyoming Outdoor Council, et al v. U.S. Army Corps of Engineers* (Case No. 02-CV-155-D). The USACE received requests to evaluate 1,013 reservoir sites in FY 2005 and clarify whether some other form of authorization was required as a result of the court order and uncertainty in the few months prior to the order due to litigation.

Regulatory actions undertaken by the USACE are comprised of jurisdictional determinations, authorizations, compliance inspections, and enforcement actions. A NEPA analysis is not required unless the USACE undertakes an action that constitutes a new “federal action” by authorizing an activity to discharge dredge or fill material into waters of the United States. Other actions such as jurisdictional determinations often result in confirmation that an activity does not require any authorization because it would not occur in a water of the United States. Therefore, the number of NEPA analysis listed in Figure 10 also represents the number of authorizations.

Table 13 provides a summary of regulatory actions undertaken by the USACE that facilitate oil and gas development in each pilot office area from Fiscal Year (FY) 2003 through FY07. The level of involvement has been highly variable due to several factors unique to each area as explained in the following paragraphs.

Table 13. USACE Regulatory Actions by Pilot Office

| Pilot Office | 2003 | 2004 | 2005 | 2006 | 2007 | Total | Percent |
|---------------------|-------------|-------------|-------------|-------------|-------------|--------------|----------------|
| Buffalo | 48 | 269 | 1115 | 509 | 428 | 2,369 | 64.8% |
| Rawlins | 0 | 0 | 54 | 21 | 0 | 75 | 2.1% |
| Glenwood Springs | 52 | 299 | 214 | 177 | 128 | 870 | 23.8% |
| Carlsbad | 3 | 7 | 1 | 2 | 1 | 14 | 0.4% |
| Farmington | 14 | 80 | 35 | 4 | 2 | 135 | 3.7% |
| Vernal | 2 | 0 | 2 | 0 | 152 | 156 | 4.3% |
| Miles City | 11 | 9 | 7 | 9 | 0 | 36 | 1% |
| Total | 130 | 664 | 1428 | 722 | 711 | 3,655 | 100% |

Miles City

The USACE Montana Regulatory Office (MRO) in Billings, Montana supports the pilot project efforts of the BLM Miles City Pilot Office in Montana. The level of involvement has been minimal with only a few actions processed each year from 2003-2006 related primarily to transport of natural gas. There were no actions processed in 2007 due to suspension of processing all APD for CBNG in the PRB of Montana pending completion of a Supplemental Environmental Impact Statement (SEIS). That trend is expected to continue through most of 2008.

Coordination efforts between the MRO and Miles City Pilot Office have improved with a few agency meetings in 2007 to facilitate dissemination of information about the USACE regulatory program. However, more opportunities to enhance direct communication between the MRO and operators should be pursued after the SEIS is completed. The MRO will continue to participate in coordination efforts with the Miles City Pilot Office, operators, and others if requested to ensure compliance with the USACE regulatory program.

Buffalo

The Buffalo Pilot Office in Wyoming initiated coordination with the USACE Wyoming Regulatory Office (WRO) by arranging a tour of energy infrastructure in the PRB on April 9-10, 2003. During that tour the USACE, BLM, and Industry representatives discussed Section 404 regulatory requirements with

emphasis on construction of reservoirs to manage water produced by CBNG wells. The USACE advised the BLM and others that it would be beneficial to evaluate proposed reservoir sites early in the process to determine which facilities would be located in waters of the U.S. because it became evident during the tour that several sites were located entirely in upland environments. Avoiding waters of the U.S. whenever possible appeared to be the most efficient method of achieving compliance with Section 404 of the CWA. On December 13, 2003, the BLM sent a letter to all operators in the PRB in response to a written request from the USACE advising them of a new requirement to obtain jurisdictional determinations for reservoir sites as part of the water management plan prepared for all future PODs.

Coordination efforts by staff in the Buffalo Pilot Office and WRO that began in 2003 was a precursor to the concept of a coordinated multi-agency effort to streamline federal authorizations for natural gas development that was later enacted by Section 365 of the Energy Policy Act. That effort has proven to be beneficial to both agencies and operators in the PRB who have embraced the procedure of obtaining jurisdictional determinations for all reservoirs associated with managing produced water from federal mineral development because it provides written documentation of the operator's compliance with Section 404 of the CWA for construction of those facilities.

Avoiding uncertainty and confusion over the USACE regulatory requirements in the PRB of Wyoming has been achieved through this coordination effort based primarily on direct communication between the WRO and operators. Most operators have also improved environmental protection standards as a result of the educational benefits of the process through increased awareness of waters of the U.S. locations. That level of success would not have been possible without the Buffalo Pilot Office's proactive approach to facilitating that communication.

The WRO has continued the coordination process with the Buffalo Pilot Office and operators in the PRB that began in 2003. Since that time the level of involvement by the WRO has increased substantially from 48 actions in Fiscal Year (FY) 2003 to a peak of 1,115 actions in FY05 followed by a decline to 428 actions in FY07 as shown in Table 13. The trend of the past two years is expected to continue and the WRO should process approximately 500 actions each year for the foreseeable future. The WRO will also continue to participate in meetings of the PRB Interagency Working Group and other venues, including presentations to operators or Industry groups when requested, to ensure compliance with the USACE regulatory program.

Rawlins

The USACE WRO also supports the pilot project efforts of the BLM Rawlins Pilot Office in Wyoming. The level of involvement has been minimal with only a few actions processed in 2005 and 2006 related to development of conventional natural gas. This situation is understandable because reservoirs are rarely utilized to manage produced water, which is the primary action in the PRB that necessitates the WRO's involvement. Other routine activities such as roads and pipelines are authorized by nationwide general permits that rarely require preconstruction notification of the WRO so there is no involvement necessary in those actions.

The Rawlins Pilot Office area is mostly an arid environment where wetlands and other aquatic resources are easily avoided in most cases except for the occasional road or pipeline crossing. The WRO believes that COA imposed by the Rawlins Pilot Office based on the *Wyoming BLM Mitigation Guidelines for Surface Disturbing and Disruptive Activities* that limit surface disturbance near wetlands and other waters is normally adequate to ensure compliance with Section 404 of the CWA through avoidance. The WRO may get involved in more actions as the pace of development increases in the Atlantic Rim and other areas. The WRO will also continue to participate in meetings with the Rawlins Pilot Office and others to ensure compliance with the USACE regulatory program.

Glenwood Springs

The USACE Grand Junction Regulatory Office (GJRO) in Colorado supports the pilot project efforts of the BLM Glenwood Springs Pilot Office in Colorado. The level of involvement increased substantially in 2004 and 2005 followed by a decline in total actions to 177 in 2006 and 127 in 2007. However, coordination efforts between the GJRO, Glenwood Springs Pilot Office, and operators increased in 2007 with group meetings to facilitate dissemination of information about the USACE regulatory program. As a result more operators are contacting the GJRO more often than in past years to obtain written documentation of compliance for specific actions. That trend is expected to continue but may decline for nationwide general permit authorizations that do not require preconstruction notification of the GJRO in order to avoid unnecessary delays in proceeding with the action. The GJRO will also continue to be proactive in coordination efforts with the Glenwood Springs Pilot Office, operators, and others to ensure compliance with the USACE regulatory program.

For the Glenwood Springs Pilot Office, a USACE employee has been assigned to cover two BLM field offices (Glenwood Springs, Colorado and Vernal, Utah). The assigned USACE person for the Glenwood Springs Energy Office is physically located within the USACE Grand Junction Office. The USACE regulatory specialist has been instrumental in streamlining the Section 404 coordination process and in helping resolve wetlands issues and classifications. That specialist now participates in major onsite visits and reviews all EA documents involving potential impacts to wetlands and other waters of the U.S. The operators in the Glenwood Springs Energy Office are now providing a greater level of detail on existing wetland and stream resources, project impacts to waters of the U.S., and mitigation measures for impacts to wetland/riparian corridors. This has also provided a higher level of compliance with the provisions of the CWA.

The operators in the Glenwood Springs Energy Office are now providing a greater level of detail on existing wetland and stream resources, project impacts to waters of the U.S., and mitigation measures for impacts to wetland/riparian corridors.

Vernal

The USACE GJRO in Colorado supports the pilot project efforts of the BLM Vernal Pilot Office in Utah. The level of involvement has been minimal with few and in some years no actions processed from 2003-2006 related to development of conventional natural gas. This situation is understandable because routine activities such as roads and pipelines are authorized by nationwide general permits that rarely require preconstruction notification of the USACE so there is no involvement necessary in those actions. However, processing of permit actions increased substantially in 2007.

Coordination efforts between the GJRO, Vernal Pilot Office, and operators increased dramatically in 2007 with several group meetings to facilitate dissemination of information about the USACE regulatory program. As a result more operators are contacting the GJRO more often than in past years to obtain written documentation of compliance for specific actions. That trend is expected to continue but may decline for nationwide general permit authorizations that do not require preconstruction notification of the GJRO in order to avoid unnecessary delays in proceeding with the action. The GJRO will also continue to be proactive in coordination efforts with the Vernal and Glenwood Springs Pilot Offices, operators, and others to ensure compliance with the USACE regulatory program.

Farmington

The USACE Durango Regulatory Office (DRO) in Colorado supports the pilot project efforts of the BLM Farmington Pilot Office in New Mexico. The level of involvement was fairly substantial with 80 actions

in 2004 and 35 actions in 2005 but has been minimal in the past two years with only a few actions related to development of conventional natural gas. This situation is understandable in part because routine activities such as roads and pipelines are authorized by nationwide general permits that rarely require preconstruction notification of the DRO so there is no involvement necessary in those actions. That trend is expected to continue but may decline for nationwide general permit authorizations that do not require preconstruction notification of the DRO in order to avoid unnecessary delays in proceeding with the action. However, there is a history of violations due to unauthorized activities by operators in 2004 and 2005 indicating that more involvement by the DRO to ensure compliance is warranted.

Coordination efforts between the DRO and Farmington Pilot Office have improved with a few agency meetings in 2007 to facilitate dissemination of information about the USACE regulatory program. However, more opportunities to enhance direct communication between the DRO and operators should be pursued. The Farmington Pilot Office could be more proactive in facilitating that communication. The DRO will continue to participate in coordination efforts with the Farmington Pilot Office, operators, and others to ensure compliance with the USACE regulatory program.

Carlsbad

The USACE El Paso Regulatory Office (EPRO) in Texas supports the pilot project efforts of the BLM Carlsbad Pilot Office in New Mexico. The level of involvement has been minimal with only a few actions processed each year from 2003-2007 related to development of conventional natural gas. This situation is understandable because routine activities such as roads and pipelines are authorized by nationwide general permits that rarely require preconstruction notification of the EPRO so there is no involvement necessary in those actions. That trend is expected to continue but may decline for nationwide general permit authorizations that do not require preconstruction notification of the EPRO in order to avoid unnecessary delays in proceeding with the action.

Coordination efforts between the EPRO and Carlsbad Pilot Office have improved with a few agency meetings in 2007 to facilitate dissemination of information about the USACE regulatory program. However, more opportunities to enhance direct communication between the EPRO and operators should be pursued. The Carlsbad Pilot Office could be more proactive in facilitating that communication. The EPRO will continue to participate in coordination efforts with the Carlsbad Pilot Office, operators, and others to ensure compliance with the USACE regulatory program.

3.2.2.5 BIA Coordination

As mandated by the Secretary of the Interior, BLM, together with BIA, is responsible for administering oil and gas activities that occur on tribal and Indian allottee surface lands and mineral estates. BLM and BIA consult with respective tribes and Indian allottees. The Miles City, Vernal, and Farmington pilot offices perform such work.

Miles City

The Miles City Pilot Office, BIA, and local tribes held several meetings within the last year on APD processing and agency roles and responsibilities. The agencies and tribes are continually working to improve the oil and gas permitting process. Through these meetings and continued coordination, permit approval will continue to improve efficiency.

Vernal

The Vernal Pilot Office worked with BIA to establish an efficient APD consultation process and is moving toward improvements in processing other oil and gas permit types (sundry notices and ROWs).

Glenwood Springs

The Glenwood Springs Pilot Office does not have any Indian trust or leased lands and thus does not coordinate with the BIA on oil and gas-related matters. Tribal consultation letters are sent to the Ute Tribes (for Geographic Area Plans [GAP] and other actions) in consideration of potential impacts to Tribal Master Development Plans, individual actions, and other land use planning efforts.

Farmington

The Farmington Pilot Office is coordinating directly with its Federal Indian Mineral Office (FIMO) on APDs and communitization agreements (CA) involving tribal surface ownership and federal mineral estate.

BIA and the Navajo Resources Committee have granted authority to FIMO to approve APDs.

Pilot funding resources are allotted for a 0.5 BIA FTE to be colocated in the Farmington Pilot Office. The individual will work specifically with BLM on processing APDs. As of the end of FY07, BIA has the position on hold.

3.2.2.6 Bureau of Reclamation Coordination

BLM and BOR collaborate on oil and gas activities occurring on federal mineral and BOR surface estate. BLM and BOR coordinate to identify existing BOR surface uses and constraints through the NEPA process, from which oil and gas permits are conditioned for approval. The Rawlins, Farmington, and Carlsbad pilot offices coordinate with BOR to perform this work.

Rawlins

For the Rawlins Pilot Office, BOR has delegated BLM to conduct and coordinate the majority of NEPA work for APDs on BOR surface estate.

Glenwood Springs

Glenwood Springs has coordinated with the BOR on certain GAPs, but few BOR lands exist in the area impacted by oil and gas development; therefore, coordinating with the BOR is infrequent.

Farmington/Carlsbad

Pilot project funding resources allowed BOR to establish one FTE in the BLM Carlsbad Pilot Office. The employee is a BOR liaison to support joint BOR/BLM leasing and APD activities. The agencies approved an interagency agreement to allow the BOR employee to be colocated in the pilot office. The BOR employee reported in June 2007.

The BOR employee is participating with the BLM through an ongoing amendment to the BOR 2003 RMP. The RMP does not permit mineral leasing or development as an authorized project activity, nor does it address cumulative impacts of future minerals development on reclamation or Carlsbad Irrigation District lands. The RMP amendment was initiated to accommodate BLM's need for an RMP that supports

mineral leasing activities, provides seamless management between BLM and BOR, protects the integrity of the floodplain and habitat of T&E species (e.g., Pecos bluntnose shiner), and allows for the development of the federal mineral estate.

BOR delegated the Carlsbad Pilot Office to conduct and coordinate the majority of NEPA work for APDs on BOR surface estate, only on previously leased lands. Currently, the APDs are sent to the BOR Regional Office in Albuquerque, NM, for BOR review and concurrence before BLM approval. Future plans are to have the collocated BOR employee review and concur locally on the APDs, rather than the BLM submitting them to the Albuquerque BOR office.

SHOWCASE

Improved Sage-grouse Habitat Protection

The Miles City Pilot Office, BOR, and South Dakota State University have sponsored a sagebrush mapping effort for a study area encompassing 1,132,000 acres within southeast Montana, southwest North Dakota, and northwest South Dakota. Much of the project area is located in a producing oil and gas field currently undergoing intensive “infill” drilling.

The presence of sagebrush in these areas overlaps with the current range of sage-grouse in the western United States. By delineating and describing the sagebrush cover in the project area, the agencies expect to determine the amount and quality of existing habitat for the sage-grouse. This information is critical in allowing BLM to site oil and gas infrastructure in a manner that minimizes impacts to sagebrush and sage-grouse.



Miles City

The Miles City Pilot Office, BOR, and South Dakota State University have sponsored a sagebrush mapping effort for a study area encompassing 1,132,000 acres within southeast Montana, southwest North Dakota, and northwest South Dakota. Much of the project area is located in a producing oil and gas field currently undergoing intensive “infill” drilling. The presence of sagebrush in these areas overlaps with the current range of sage-grouse in the western United States. By delineating and describing the sagebrush occurring in the project area, the agencies expect to determine the amount and quality of existing habitat for the sage-grouse.

The project acquired commercial digital orthorectified color infrared imagery in October 2007. Existing data and supplemental field inspections will be compared to the imagery. The mapping, analysis, and classification of potential sage-grouse habitat will occur using image processing software. Only sagebrush, neighboring vegetation/land-use, and other closely associated habitats consisting of other land cover types are anticipated to be mapped. Project completion and deliverables are expected in spring 2008.

3.2.3 Coordination with State Entities

Coordination is also occurring between BLM offices and state entities. As with federal coordination, state agency interaction is fairly routine. The BLM pilot offices have established working relationships with SHPOs; state game and fish departments; DEQs; state oil, gas, and energy commissions; and colleges and universities.

3.2.3.1 Section 106 State Historic Preservation Office

BLM established statewide Section 106 consultation protocols with state SHPOs (with the exception of Utah and North Dakota [under Miles City Pilot Office administration]). These protocols clarify responsibilities and streamline the processes between BLM and the SHPOs to support the resource

protection requirements of Section 106 of the NHPA. The protocols enable BLM to make Section 106 eligibility determinations for areas of proposed surface disturbance activities. If BLM identifies a site as being potentially eligible, the SHPO is consulted when historic properties cannot be avoided.

Miles City

The Miles City Pilot Office is preparing a Cultural Landscape Overview (Class I survey). The document and associated maps will improve the efficiency of cultural reviews that BLM cultural specialists perform during the APD process.

The Miles City Pilot Office and the Montana SHPO sponsored a GIS project to put cultural site data and surveyed space into functional GIS layers that BLM cultural resource specialists can use. The project will allow BLM to quickly determine inventory requirements and allow BLM permit holders access to eliminate delays in completing required file searches. This project was added to the existing data sharing agreement the Montana BLM has with the Montana SHPO. Additional partners include the Department of Anthropology, University of Montana, and the Natural Resource Information System (NRIS) of the Montana State Library.

Buffalo/Rawlins

The Rawlins Pilot Office worked closely with Wyoming SHPO, interested parties and operators to develop a programmatic agreement in addressing adverse effects to the setting along the historic Overland Trail.

SHPO personnel participated in BLM onsite pre-construction visits to increase their knowledge and understanding of BLM permitting actions.

The Wyoming BLM is completing an assistance agreement with the State of Wyoming SHPO for funding three SHPO positions. These positions will support the cultural survey and site inventory data collection process. Increased survey and site inventory activity is occurring because of oil and gas development in the Buffalo and Rawlins pilot offices. These positions are intended to eliminate a SHPO cultural database data entry backlog.

Buffalo and Rawlins pilot offices participate in a Wyoming statewide, new cultural resource BMP using a Web-based database application known as Cultural Resource Management (Project) Tracking System (CRMTracker). This application was developed to increase efficiency in collecting, reporting, and transmitting cultural resources project information among the BLM, SHPOs, and oil and gas project permit applicants. CRMTracker was developed with funding from the Department of Energy (DOE), based on the need to reduce information barriers to energy production. This on-the-ground data function provides timely information to all parties (though good site management decisions still must depend

SHOWCASE

Montana State Agency Collaboration

The Miles City Pilot Office and the Montana SHPO have initiated a GIS project to put cultural site data and surveyed space into functional GIS layers that BLM cultural resource specialists can use.

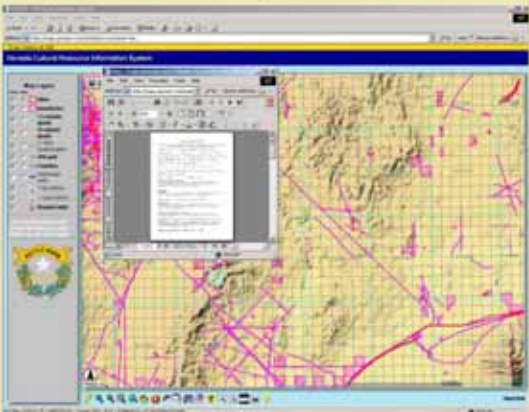


The project allows BLM to quickly determine inventory requirements and allows BLM permit holders access to eliminate delays in completing required file searches.

This project was added to the existing data sharing agreement the Montana BLM has with the Montana SHPO. Additional partners include the Department of Anthropology, University of Montana, and the Natural Resource Information System (NRIS) of the Montana State Library.

SHOWCASE

**Complete Process Automation
(Section 106) in NM & WY**



The Buffalo and Rawlins pilot offices participate in a Wyoming SHPO and BLM, new cultural resource BMP, which has been deployed statewide.

A Web database application known as Cultural Resource Management (Project) Tracking System (CRMTracker) was developed to increase efficiency in collecting, reporting, and transmitting cultural resource project information from oil and gas permit project applicants to BLM and then on to the SHPO.

CRMTracker was developed with funding from the Department of Energy based on the need to reduce information barriers to energy production. This on-the-ground data function provides timely information to all parties (though good site management decisions still must depend on site-specific cultural resource surveys to produce data that generally comes too late in the decision-making process).

onsite-specific cultural resource surveys to produce data that generally comes too late in the decision-making process).

Further BLM and SHPO collaboration focused on providing improved project planning support for the Industry, which resulted in the development of the Cultural Resource Information Summary Program (CRISP).

CRISP is an information tool for non-archaeological experts and is used to rapidly assess potential project areas (PPA). A PPA could be a contemplated well pad and road, a borrow pit, or any other action. CRISP users draw their PPAs on a map image and then run a report on the PPA. CRISP is Web-based and uses cultural resource inventory layers, cultural resource summary layers, and cultural resource forecasts (models) to provide the user with a summary of knowledge about their PPAs.

CRISP was developed with funding from the DOE, based on the need to reduce information barriers to energy production. CRISP project participants included the Wyoming BLM, New Mexico BLM, the Wyoming and New Mexico SHPOs, and Gnomon, Inc.

CRISP does not replace consultation with appropriate agencies, landowners, land managers, and other participants in the cultural resource management process. Nor does CRISP replace discussions with cultural resource managers or other experts. CRISP provides the Industry a quick way to summarize what might be present on or in the ground and what information may exist. CRISP is not a compliance tool; its greatest utility is as a project infrastructure location planning tool.

Vernal

The Vernal Pilot Office has a cooperative agreement with the state of Utah to fund a Vernal Pilot Office SHPO position. As a part of this agreement, the Vernal Pilot Office and the SHPO will seek ways to streamline the receipt and review of the cultural report information received from Industry, in addition to updating the GIS cultural database the SHPO maintains.

*The Wyoming SHPO **CRMTracker** and a sister system the **Cultural Resources Integrated Support Program (CRISP)** were developed with funding from the DOE based on the need to reduce information barriers to energy production.*

Glenwood Springs

The Glenwood Springs Pilot Office is preparing a Cultural Landscape Overview (Class I survey). The document and associated maps will improve the efficiency of cultural reviews that BLM cultural specialists perform during the APD process.

The Glenwood Springs Pilot Office recently developed Section 106 cultural resource standards and guidelines for renewing ROW grants and temporary use permits. As a result, the number of consultations with SHPO and associated timeframes has decreased.

The BLM Colorado State Office has developed a Section 106 cultural resource standards and guidelines in conjunction with the Colorado SHPO. This has streamlined the Section 106 process to the point that, in rare cases, consultation is completed within a 10-day timeframe.

Glenwood has also fully developed a cultural resource GIS database, which has greatly enhanced the availability of data for preliminary assessments of inventory needs and NEPA reviews. Glenwood has also developed a computer system and work station for use by private archaeological contractors to access the Glenwood Springs cultural GIS database to do file searches for pre-field activity, while maintaining data security. This system gives the contractors efficient access to the most up-to-date information on surveys and cultural resources in their project areas.

Farmington/Carlsbad

The Carlsbad Pilot Office conducted a block cultural resource survey, referred to as the Pierce Canyon Project, on approximately 10 square miles southeast of Carlsbad. The large block survey will identify cultural sites, determine which sites need to be protected and inventoried, and perform site data collection. Once the block survey is completed, future APDs in the survey boundary would not require other cultural resource surveys. In addition, this project demonstrated the ability of seismic sample surveys as an accurate predictor of archaeological site density. Other pilot offices are using this cultural resource protection approach.

The Farmington Pilot Office has not conducted block surveys for cultural resource use because of the high density of cultural sites in the area. Using these types of surveys is impractical in such high-density areas as the San Juan Basin.

3.2.3.2 State Game and Fish Departments

BLM consults with state game and fish departments regarding oil and gas development impacts on wildlife and habitat. Such collaboration in the past usually occurred with land use planning. Currently, collaboration has expanded to include state game and fish department coordination during the permitting process and in assessing the effectiveness of wildlife lease stipulations. With the resources provided through the pilot, the pilot offices are advancing collaborative practices. The following pilot offices provide examples.

Miles City

The Miles City Pilot Office established an assistance agreement with the Montana Fish, Wildlife, and Parks (MFWP) in June 2006. A colocated MFWP biologist position was filled in June 2007.

The Miles City Pilot Office provides the MFWP biologist with field training and education related to oil and gas development. Field training includes participating in onsite inspections and in PODs pre-development inspections.

The MFWP biologist played a key role in providing the Miles City Pilot Office assistance in conventional oil and gas APD processing, development of the supplemental EIS and Miles City Pilot Office RMP, and review of potential oil and gas lease parcels.

The Miles City Pilot Office and the MFWP are cooperating in a project to map and classify the amount and quality of potential sage-grouse habitat in the Cedar Creek Anticline. The results of this project will aid in minimizing future oil and gas development impacts to identified sage-grouse habitat.

Buffalo

In late FY07, a cooperative agreement was completed between BLM Wyoming and Wyoming Game and Fish Department (WGFD) for funding two pilot office oil and gas biologist positions. These positions will monitor and assess the effectiveness of lease stipulations and project-level COAs and make recommendations for improving stipulations and COAs for fish and wildlife habitats and populations in the Buffalo and Rawlins pilot office areas. These positions will protect fish and wildlife habitat and populations being impacted by extensive oil and gas development. The positions are expected to report by late calendar year 2007.

Adding a WGFD position in the Buffalo Pilot Office should improve coordination and communication associated with two emerging issues: (1) sage-grouse impacts from CBNG and the associated policy development and (2) the proposed CBNG development in the Fortification Creek area.

Rawlins

The Rawlins Pilot Office participates with other federal and state agencies (WGFD) in the *Monitoring without Borders* program. The program will monitor wildlife species without respect to political boundaries and gather information to map several types of wildlife habitat. As a result of the *Monitoring without Borders* collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which kept the species from being listed as T&E.

*As a result of the **Monitoring without Borders** collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which kept the species from being listed as T&E.*

The Rawlins Pilot Office works cooperatively with the WGFD on several monitoring projects, including sage-grouse collaring and habitat modeling, which is ongoing. A mule deer study was conducted to establish mule deer migration corridors in the Atlantic Rim project area. *Monitoring without Borders* was expanded beyond the Continental Divide Wamsutter II project area to include the surrounding energy project areas to survey, inventory, and monitor wildlife habitats and mitigation.

Vernal

The Vernal Pilot Office established a programmatic agreement with the Utah Department of Wildlife Resources (UDWR) to streamline wildlife consultation. The local UDWR actively participates in the NEPA ID team meeting process used by Vernal. Discussions were renewed recently on whether a position should be located in the Vernal Pilot Office.

The Uinta Basin Partners for Conservation and Development group is composed of Industry, state, and federal agencies, including the USFWS. The group collaborates to protect Utah's wildlife while allowing oil and gas development to proceed.

Glenwood Springs

The Glenwood Springs Pilot Office works closely with CDOW and developed an agreement to facilitate efficient consultation over requests for exceptions to lease stipulations involving wildlife timing limitations.

Glenwood Springs collaborates with CDOW's representatives in pre-construction onsite meetings and in identifying suitable wildlife mitigation measures. The staff has a monthly conference call with BLM biologists and ecologists from across the state to discuss the current status of efforts to protect big game and migratory birds. They also participate in the wildlife statewide collaboration group.

Allowing the CDOW to be involved with the planning and permitting process has allowed BLM to better address impacts to wildlife. However, this involvement has also added a burden to the oil and gas Industry, with stipulations in part influenced by the CDOW input. CDOW needs to re-inventory the critical winter range areas. Current areas appear to be larger than necessary and in some cases may not be winter range at all.

Incorporating CDOW participation into the planning permitting process has improved BLM's ability to address potential impacts to wildlife and identify appropriate mitigation measures required of operators. CDOW focuses almost entirely on game species, while BLM manages myriad non-game species, some of which have habitat requirements quite different from those of deer and elk.

The Glenwood Springs Pilot Office has an agreement with the CDOW and Williams Production RMT Company to allow year-round winter drilling (on an experimental basis) in a part of the resource area classified as winter range for deer. Deer monitoring is ongoing, and the results of this monitoring and study will determine whether future year-round drilling should be allowed and whether the winter timing limitation protects deer and elk.

Year-round drilling is beneficial to operators because it allows them to drill all wells continuously on a single pad. As a result, rigs are not moved off the pad in the fall nor are they moved back in the spring. Drilling operations have traditionally had to move off federal lands and onto private lands during the winter, due to federal timing limitations. This continuity helps improve air quality, reduces the time to complete the multi-well project, saves money, and allows for better reclamation of the pad during the reclamation period. This aspect is especially important with the new generation of rigs that allow the operator to directionally drill up to 22 wells from a pad because only a portion of the maximum number can be drilled during the window available after excluding winter drilling.

SHOWCASE

Wildlife Protection for Year-round Drilling



The Glenwood Springs Pilot Office has an agreement with the Colorado Division of Wildlife (CDOW) and Williams Production

Company to allow year-round winter drilling (on an experimental basis) in a part of the resource area classified as winter range for deer. Deer monitoring is ongoing, and the results of this monitoring and study will determine whether the winter timing limitation protects deer and elk and whether future year-round drilling should be allowed.

Drilling operations have traditionally had to move off federal lands and onto private lands during the winter, due to federal timing limitations.



Carlsbad

The Carlsbad Pilot Office and the New Mexico Department of Game and Fish (NMDGF) share GIS coverages on surveys and habitats. They are also partners with the BLM on the Restore New Mexico and the Healthy Lands Initiative. The BLM provides data on areas of treatment of invasive/non-native species for the NMDGF biologists to assess wildlife population relationships to areas of treatment.

Funding has been requested, in the past, for reclamation efforts within the Pecos District through the Sikes Act from the NMDGF. To date, the Citizens Advisory Council has not approved funding for this effort. However, the BLM has involved the NMDGF in the Restore New Mexico Initiative in the form of digital information. This affords the NMDGF the opportunity to see where and how BLM has performed habitat treatments to protected wildlife in the past, as well as where future efforts are planned. The Carlsbad Pilot Office provides this information so the NMDGF can assess wildlife populations in treatment areas.

3.2.3.3 State Departments of Environmental Quality

The EPA delegates the CWA and CAA program administrative functions to the state government DEQs. Consequently, BLM frequently consults and collaborates with state DEQs in support of oil and gas permitting activities.

Miles City

In June 2006, the Miles City Pilot Office and the Montana DEQ completed an MOU that established two positions: an air quality specialist and a water quality specialist. The water quality specialist will be colocated in the Miles City Pilot Office, while the air quality specialist may not be colocated. An additional Montana DEQ permit writer position is located in Helena, Montana. The permit writer position was filled in November 2006, and the water quality specialist position was filled in early November 2007. The air quality specialist position is currently being recruited. These staff members work with BLM personnel to improve permitting and compliance on federal applications.

It is important to note that the Miles City Pilot Office completed an MOU with the Montana DEQ and the Montana Board of Oil and Gas Conservation (BOGC) before the Energy Policy Act of 2005. This agreement coordinates the joint environmental analysis process to alleviate state and federal redundancy.

Buffalo

In late FY07, BLM Wyoming and the Wyoming DEQ completed a cooperative agreement to fund a DEQ Wyoming Pollution Discharge Elimination

SHOWCASE

State & Federal Reclamation Liability Reduction Program

As a result of rapid and large-scale CBNG development occurring in the Powder River Basin, the Buffalo Pilot Office has collaborated with Wyoming Department of Environ-



mental Quality (DEQ), Wyoming State Engineer's Office (SEO), and the Wyoming Oil & Gas Conservation Commission (WOGCC) to establish an inter-agency CBNG water retention pit reclamation bonding program. This inter-agency program ensures full and complete reclamation of water retention pits after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office established an MOU with the Wyoming SEO for dam construction engineering and safety standard requirements that industry must follow.

System (WYPDES) permit writer position located in Cheyenne, Wyoming. This position will support WYPDES permit processing and interagency coordination workloads associated with oil and gas development occurring in two BLM Wyoming field offices, including the Buffalo and Rawlins offices, which have been designated as Section 365 pilot offices.

As a result of the rapid and large-scale CBNG development occurring in the PRB, the Buffalo Pilot Office has collaborated with Wyoming DEQ, Wyoming State Engineer's Office (SEO), and Wyoming Oil and Gas Conservation Commission (WOGCC) to establish an interagency CBNG water retention pit reclamation bonding program. This interagency program will ensure full and complete reclamation of such structures after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office established an MOU with the Wyoming SEO for dam construction engineering and safety standard requirements that Industry must follow.

Rawlins

The Rawlins Pilot Office is working with the Wyoming DEQ, the WOGCC, the Wyoming Geological Survey, the University of Wyoming, and operators to complete an inventory and sample of methane springs in the Atlantic Rim project area. A number of naturally occurring methane springs exist in the area, and the general public and environmental stakeholders have expressed concern about whether these occurrences are a direct result of recently initiated CBNG development.

Glenwood Springs

The Glenwood Spring Energy Office has initiated collaborative efforts with the Colorado Department of Public Health and Environment over stormwater management and permitting efforts. This collaboration is resulting in higher levels of oil and gas operator compliance with the new Colorado stormwater regulations.

3.2.3.4 State Oil, Gas, and Energy Commissions

BLM regulations and onshore orders require BLM compliance with state oil and gas commission statutes, rules, and regulations, when necessary. In doing so, BLM often participates in commission hearings and joint issue resolution efforts. The following examples detail ongoing pilot office collaboration with state commissions.

Miles City

The Miles City Pilot Office, the Montana DEQ, and the Montana BOGC completed an MOU before the Energy Policy Act of 2005 was enacted. The agreement outlines how to prepare a joint environmental analysis process to alleviate state and federal redundancy. This NEPA/Montana Environmental Policy Act (MEPA) coordinated effort provides a comprehensive document analysis to the public and agency management. In addition, the MOU provided frequent consultation and coordination between the two agencies.

Buffalo/Rawlins

The WOGCC developed a comprehensive and useful Web site that has custom features specifically designed for BLM Wyoming field office use. The Buffalo and Rawlins pilot offices use the WOGCC Web site daily to support APD and sundry notice processing. Through an effective working relationship between BLM and the WOGCC, additional Web site capabilities are continually being added for use BLM field office personnel.

The WOGCC hosts BLM GIS-based lease stipulation information on its Web site. This BLM information Web site is useful to Industry in developing its APDs and project plans. Using the GIS-based lease stipulation data allows Industry to plan its infrastructure to avoid conflict with other resources.

Other state oil and gas commissions, including COGCC and NMOCD, have similar projects, some of which have been completed while others are being initiated. This work received supplemental funding from a DOE grant to the Ground Water Protection Council (GWPC).

The Rawlins Pilot Office PET staff maintains a working partnership with the Wyoming State Inspector, with periodic contact to inform the state inspector of compliance issues.

In FY07, BLM Wyoming updated an existing MOU with WOGCC to include a range of ongoing BLM/WOGCC coordination and collaboration areas. The Rawlins and Buffalo pilot offices and WOGCC have worked extensively to improve (via the MOU) the consistency of agency processes regarding day-to-day oil and gas operations, compliance, and the use of public, state, and privately owned lands for oil and gas drilling and production operations.

Glenwood Springs

The Glenwood Springs Pilot Office is working to establish a colocated COGCC position. Details are still being discussed with the state. Glenwood also collaborates with COGCC over well spacing, produced water injection, and other sundry notice actions where Colorado has primacy.

Farmington/Carlsbad

BLM New Mexico developed a statewide MOU to address NMOCD I&E support positions for the Farmington and Carlsbad pilot offices (one position for each office, not colocated but in close proximity to the pilot offices).

The Farmington position, located in Aztec, New Mexico, started in September 2006 with a focus on I&E coordination.

The Carlsbad position also started in September 2006. During the past year, the position has focused on creating a joint NMOCD/BLM Risk-Based Database Management System (RBDMS) intended to support well permitting and I&E workloads. The Carlsbad Pilot Office collaborates with the two entities to settle common issues, eliminate duplication, exchange information through cross training, and support data sharing.

3.2.3.5 Colleges and Universities

Miles City

The Miles City Pilot Office and the Montana SHPO sponsored a GIS project to put cultural site data and surveyed space into usable GIS layers for BLM cultural resource specialist use. The project allows BLM to quickly determine inventory requirements and allow BLM permit holders access to eliminate delays in completing required file searches. This project was added to the existing data sharing agreement between Montana BLM and Montana SHPO. Additional partners include the Department of Anthropology, University of Montana, and the Montana State Library NRIS.

The Miles City Pilot Office, BOR, and South Dakota State University sponsored a sagebrush mapping effort for a study area encompassing 1,132,000 acres, within southeast Montana, southwest North Dakota, and northwest South Dakota. Much of the project area is located in a producing oil and gas field currently

undergoing intensive “infill” drilling. The presence of sagebrush in these areas overlaps with the current range of sage-grouse in the western United States. By delineating and describing the sagebrush occurring in the project area, the agencies expect to determine the amount and quality of existing habitat for the sage-grouse.

The project acquired commercial digital ortho-rectified color infrared imagery in October 2007. Existing data and supplemental field inspections will be compared to the imagery. The mapping, analysis, and classification of potential sage-grouse habitat will occur using image processing software. Only sagebrush, neighboring vegetation/land-use, and other closely associated habitats consisting of other land cover types are anticipated to be mapped. Project completion and deliverables are expected in spring 2008.

CBNG development in the PRB of northeastern Wyoming and southeastern Montana is a concern for conservation of greater sage-grouse populations. The PRB supports an important regional sage-grouse population, with 516 leks documented over the past 25 years. Sage-grouse populations in this region have declined over the long-term because of a combination of habitat loss, drought, and other unknown population stressors, and because new threats such as West Nile virus are emerging.

In May 2006, the University of Montana, College of Forestry and Conservation completed a study to determine the influence of CBNG development on sage-grouse in the PRB. The study suggested that sage-grouse may be avoiding developed areas and moving into adjacent undeveloped habitat. The avoidance hypothesis is supported in the finding that, by 2005, active leks, and large and medium-sized

The Buffalo Pilot Office partnered with state agencies and collaborated with industry and the public in developing a GIS-based Web site known as www.cbmclearinghouse.info. CBNG and natural resource information is hosted on the site to meet the needs of a variety of users. Permit agents, contractors, operators, and the general public use this valuable Web site on a daily basis.

leks were regularly found outside or adjacent to CBNG fields than within CBNG fields. Expansion of agriculture and surface mining also appears to have played a role in regional population changes in the PRB.

Buffalo

In October 2001, BLM hosted a meeting, convened by the William D. Ruckelshaus Institute of Environment and Natural Resources, to address interagency CBNG data management issues and needs. Participants included representatives from state and Federal Government, Industry, and the

University of Wyoming. While recognizing that many individual efforts were initiated to share data among agencies and with the public, the group concluded that a need still existed for a centralized information clearinghouse addressing all aspects of this important Industry. The importance of coordinated data collection, management, and sharing was reinforced in April 2002 in comments from a regional CBNG conference in Denver, Colorado, by the Natural Resources Law Center at the University of Colorado and by the Western Governors’ Association Environmental Summit II in Salt Lake City, Utah.

As a result, the Buffalo Pilot Office partnered with the University of Wyoming, William D. Ruckelshaus Institute of Environment and Natural Resources, in developing a GIS-based Web site (www.cbmclearinghouse.info) of CBNG and natural resource information to meet the needs as described above. Permit agents, contractors, operators, and the general public can use this valuable Web site daily.

Rawlins

The Rawlins Pilot Office and the University of Wyoming successfully funded a 6-month intern position (via the Grants.gov program) for a fluid minerals surface compliance technician. The position will allow professional Rawlins Pilot Office fluid minerals staff to focus on recent permitting mandates while simultaneously allowing fluid minerals to meet NEPA monitoring and compliance needs. The intern will be conducting roughly 250 surface compliance inspections in the Rawlins Pilot Office during FY07 and FY08. Otherwise, existing staff would not have been able to complete these inspections.

The Rawlins Pilot Office is working with the Wyoming DEQ, the WOGCC, the Wyoming Geological Survey, the University of Wyoming, and operators to complete an inventory and sample of methane springs in the Atlantic Rim project area. A number of naturally occurring methane springs exist in the area, and the general public and environmental stakeholders have expressed concern about whether these occurrences are a direct result of recently initiated CBNG development.

Glenwood Springs

The Glenwood Springs Pilot Office participates in a panel for the annual Energy and Minerals Field Institute that is sponsored by the Colorado School of Mines. Glenwood is currently using Mesa State College and the Colorado School of Mines geologic studies to support the Energy Office's Reasonably Foreseeable Development (RFD) effort for the Glenwood Springs RMP revision. These studies mapped the Williams Fork fluvial sands and are the basis for justifying the 10-acre spacing needed to efficiently drain the gas reservoirs in the Glenwood Springs Energy Office area. These studies have a major impact on resource estimations and drilling techniques.

Farmington

The Farmington Pilot Office worked with New Mexico State University to develop ways to use produced water. Extensive studies have been conducted and have proven to be applicable to Industry.

Carlsbad

The Carlsbad Pilot Office has collaborated with the New Mexico School of Mines (NMSOM) to enhance a valuable set of GIS coverages that depict potash reserves, underground mining operations, oil and gas leases, unit and CAs, well locations (enclaves), and prior Secretarial Order boundaries. NMSOM provided Carlsbad with excellent resources and products, which now are used daily by the pilot office to address oil and gas development conflicts with potash mining operations.

To assist with the workload resulting from creating and maintaining GIS software and data for the Carlsbad Pilot Office oil and gas staff, Carlsbad used the STEP to hire qualified New Mexico State University students to support GIS personnel.

In 2004, BLM historical ROW information was entered in GIS throughout the state of New Mexico. Two teams of STEP students from New Mexico State University (Las Cruces and Carlsbad campuses) were trained to input GIS data. In just a few months, the four-person Las Cruces team completed ROWs for the entire state, with the exception of Carlsbad. Since the project began, the Carlsbad students have entered more than 8,500 of the 15,000 existing BLM ROWs.

Geologic studies have mapped the Williams Fork fluvial sands and are the basis for justifying the 10-acre downhole well spacing needed to efficiently drain the gas reservoirs in the Glenwood Springs Energy Office area. These studies have had a major impact on resource estimations and drilling techniques.

For a five month period during FY07, students were utilized through the Chicago Botanical Gardens Internship Program to assist the Carlsbad Pilot Office wildlife staff. This program affords graduating seniors with real-life experience in the field of wildlife biology. For the past three years, the pilot office has been fortunate in obtaining two interns to assist in biological surveys for sensitive status species in the oil fields of southeast New Mexico. The survey has focused on the sand dune lizard and its limited habitat. The use of these students has assisted the wildlife biologists in developing protection recommendations in areas of oil and gas field development. These biological surveys have assisted in streamlining the permitting process.

3.2.3.6 State, Federal, and Local Conservation Partnerships

Vernal

During FY07, the Utah Partnership for Conservation and Development (UPCD) concept was formalized and is now being implemented. Utah is divided into five regions; each region has a local working group. The groups comprised state and federal agencies, local counties, and other interested parties. The UPCD is an outgrowth of earlier sagebrush restoration initiatives and partnerships.

Representatives from Utah and BLM recently visited the Jonah Interagency Mitigation and Reclamation Office (JIO) in Pinedale, Wyoming, to learn how the interagency process was developed and how environmental impacts are being mitigated.

The UPCD concept is similar to the JIO, but with some differences: the JIO relies on Industry funding and is currently working to identify projects to apply funding. UPCD has ongoing projects with NEPA clearances that have been supported by limited Industry funding.

The UPCD is working to establish local- or regional-level goals, which may increase partnerships, including that of Industry and others, such as the livestock industry.

3.3 BUSINESS PROCESS IMPROVEMENT RESULTS

3.3.1 Performance Summary

During FY07, permitting volumes were 30 percent lower than last year due to fewer Industry APD submissions. While FY06 pending APDs increased 52 percent from FY05 (the year prior to the pilot), the percentage of pending APDs dropped over eight percent FY06 to FY07. This indicates that the Pilot Offices have reduced the volume of pending APDs during the past year.

Improved environmental and resource stewardship has been demonstrated through increased environmental and technical inspections, a 12 percent drop in environmental violations and a 4.4 percent drop in technical violations during year two. One hundred four percent of BLM's planned inspections were accomplished during year two compared to 97 percent during year one.

Improved interagency environmental and resource stewardship occurring during the second year of the pilot has resulted in the following overall pilot performance:

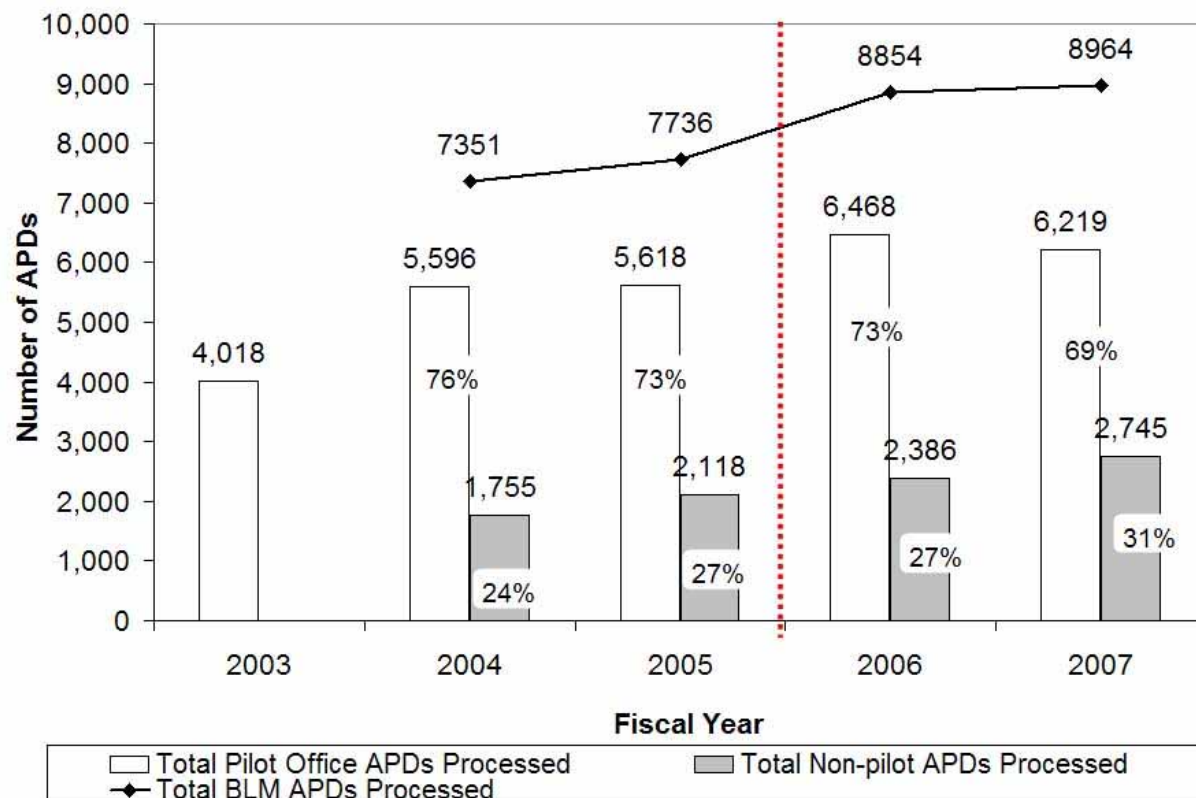
- Overall APD approval time (from APD complete date to APD approved date) has increased from 37 days in FY05 to 48 days in FY06 to 79 days in FY07. The average APD approval time (from APD receipt date to APD approved date) from an operator's perspective has increased from 155 days in FY05 to 159 days in FY06 to 219 days in FY07.
- APDs requiring 120 days or longer to approve increased from 58 percent in FY06 to 65 percent of the total APDs approved in FY07. The Buffalo and Vernal pilot offices account for most of this increase, primarily due to more complex APD POD resource protection situations (Buffalo) and pending land use plan decisions and project NEPA actions (Vernal).
- The number of NEPA reviews has lessened after the start of the pilot, because of a decrease in the number of permit applications, greater use of CXs, and the use of comprehensive processes to process more well permits through a single NEPA action.
- Substantial improvements in I&E accomplishments are occurring with emphasis on environmental inspections to improve resource protection stewardship.
- Increased I&E funding has allowed the hiring of additional staff and training which has substantially increased inspection productivity after the start of the pilot, with significantly increased number of inspections conducted for FY07.
- Increased inspections have led to better compliance by the Industry by a reduction in major violations due the increased number of inspectors in the field, early identification and intervention of nascent violation situations, and through ongoing I&E outreach sessions.

3.3.1.1 Observations: APDs

APD Volumes

Figure 11 illustrates the number of APDs processed for all BLM field offices and those processed by the seven pilot offices. From FY 04 to FY06, the pilot offices processed approximately 73 to 76 percent of all BLM APDs. For year two of the pilot, the percentage is now 69 percent.

Figure 11. Total APDs Processed for Pilot and Nonpilot Offices



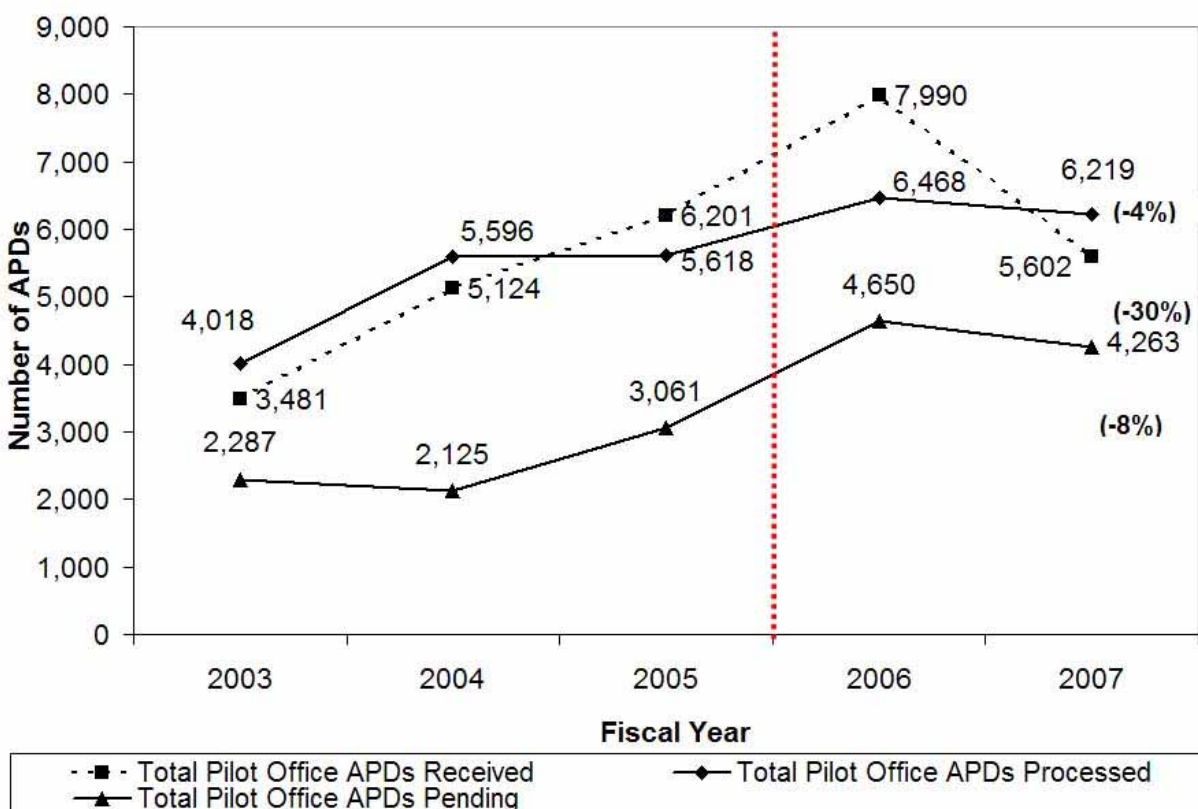
Notes:

Source – AFMSS

Percentages indicate pilot/nonpilot proportions as a percentage of total APDs

In FY07, the seven pilot offices received 5,602 and processed 6,219 APDs (Figure 12). This is a 30-percent decrease in APDs received from the oil and gas industry (Industry) during FY06. The percentage of APDs processed during FY07 dropped by 4 percent, while the number of pending APDs dropped by 8 percent. This indicates that the Pilot Offices have reduced the volume of pending APDs during the past year.

Figure 12. Total APDs Received, Processed, and Pending for All Pilot Offices



Notes:

Source – AFMSS

Percentage Change in APDs Received, Processed, and Pending from FY06 to FY07 is indicated in the bold parentheses

While there was a 30-percent overall decrease in FY07 APDs received from the Industry, five of the pilot offices [Miles City (down 81 percent), Buffalo (down 37 percent), Vernal (down 21 percent), Farmington (down 33 percent) and Carlsbad (down 24 percent)] experienced decreases while two pilot offices [Glenwood Springs (up 27 percent) and Rawlins (up 27 percent)] had increased APD submissions. These decreases or increases were the result of a number of oil and gas basin-specific factors including:

- Lack of readily available pipeline transportation capacity for new production
- Lower oil and gas commodity prices during FY07 which have since rebounded in FY08
- Delays in Industry capital expenditures resulting from ongoing company mergers and acquisitions
- Short and long-term availability constraints for well drilling and service industry equipment
- An available balance of FY06 approved APDs from which wells are now being drilled
- Protracted land use plan litigation, and
- Approval of oil and gas project EISs

Figure 13. Total APDs Received, Processed, and Pending for the Miles City Pilot Office

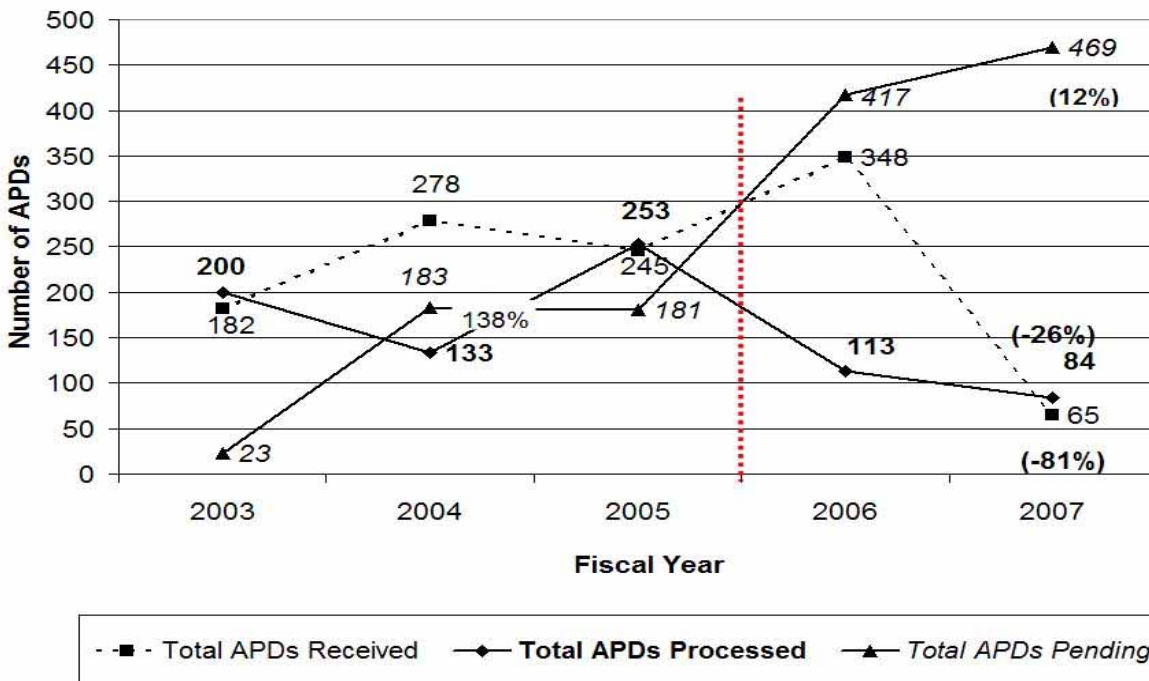


Figure 14. Total APDs Received, Processed, and Pending for the Buffalo Pilot Office

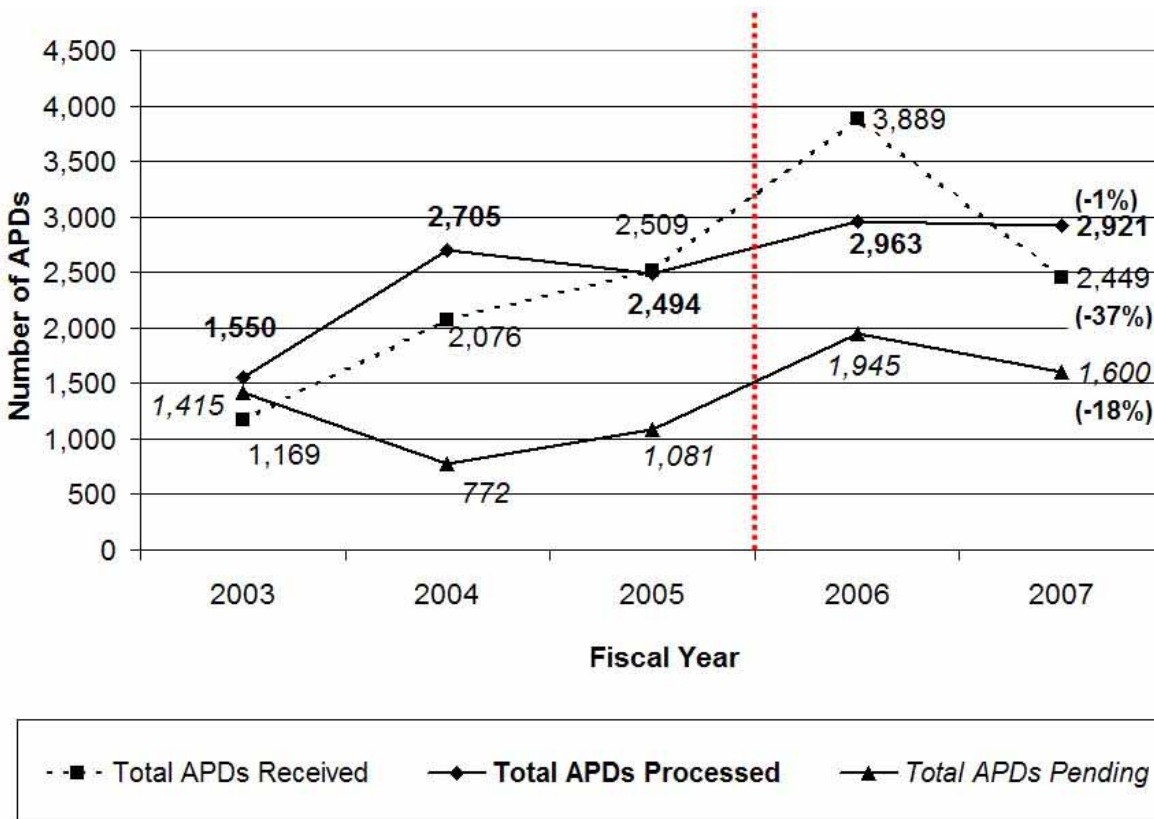


Figure 15. Total APDs Received, Processed, and Pending for the Rawlins Pilot Office

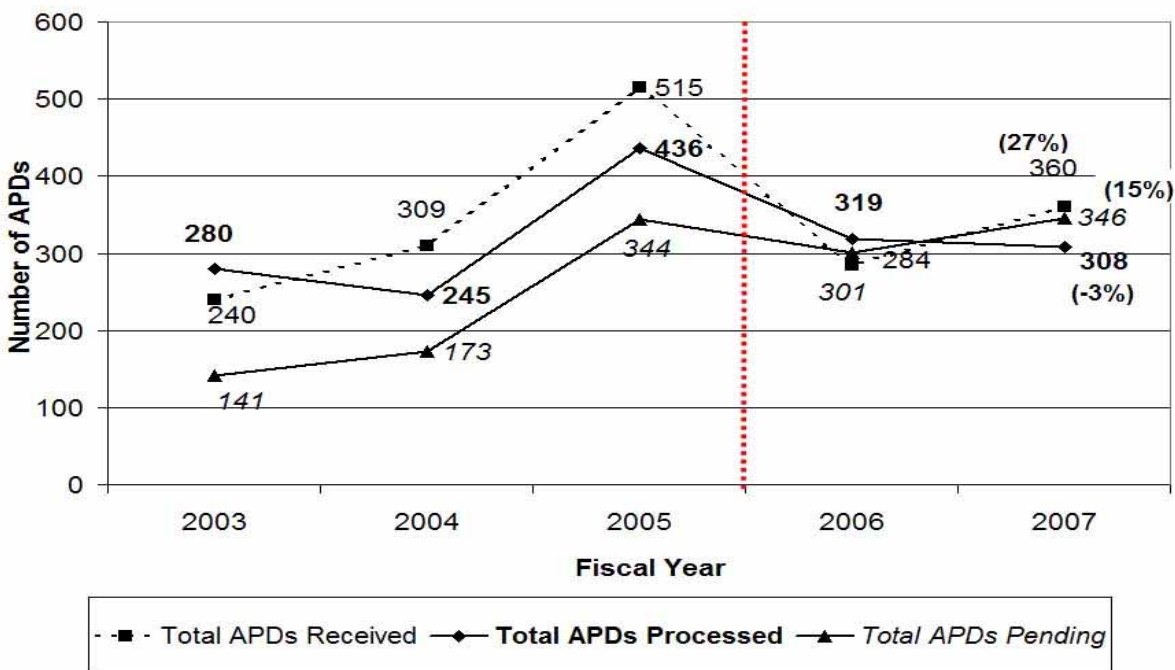


Figure 16. Total APDs Received, Processed, and Pending for the Glenwood Springs Pilot Office

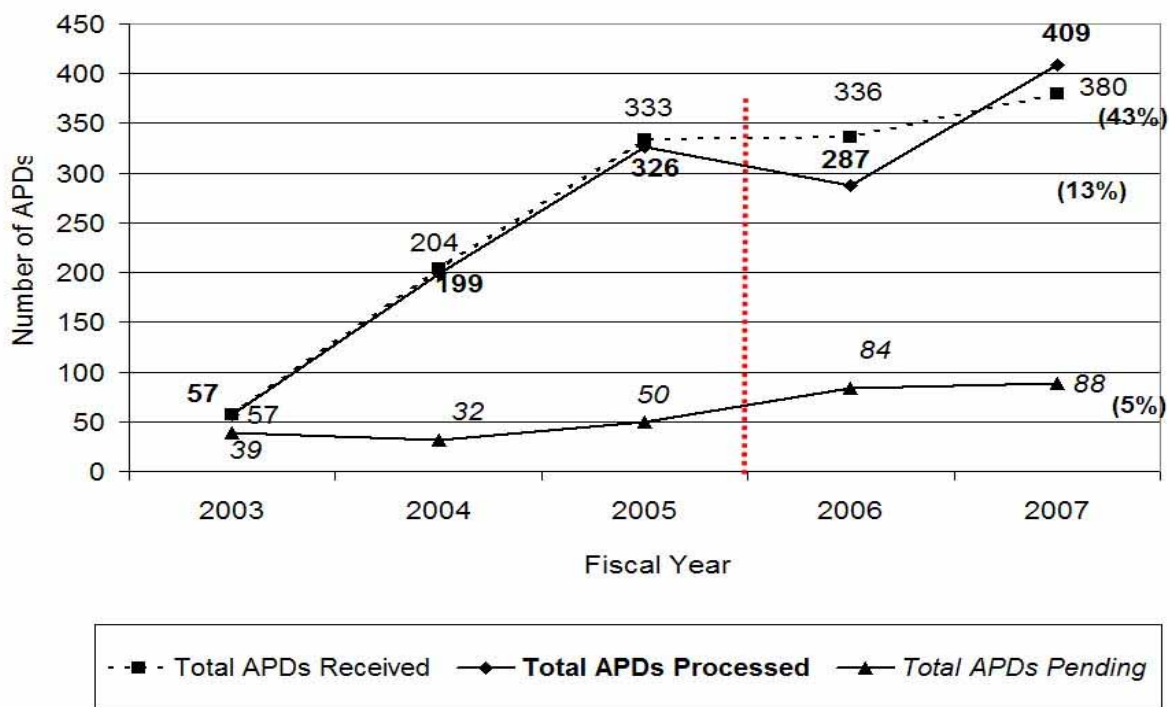


Figure 17. Total APDs Received, Processed, and Pending for the Vernal Pilot Office

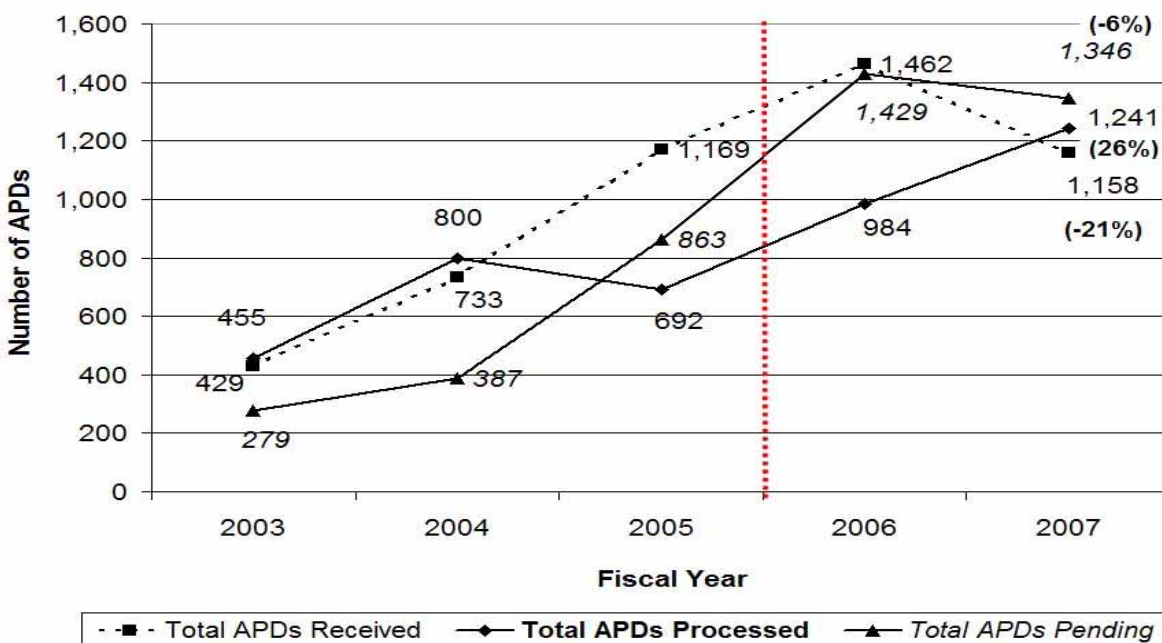


Figure 18. Total APDs Received, Processed, and Pending for the Farmington Pilot Office

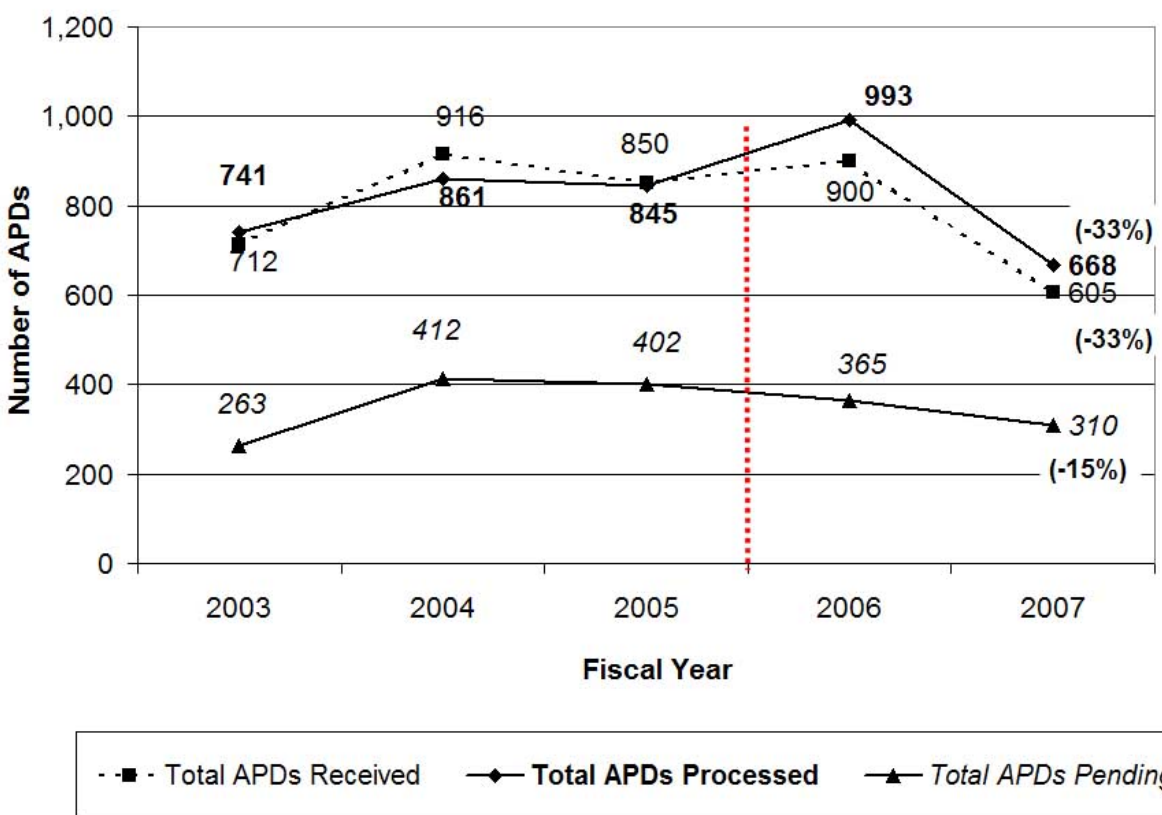
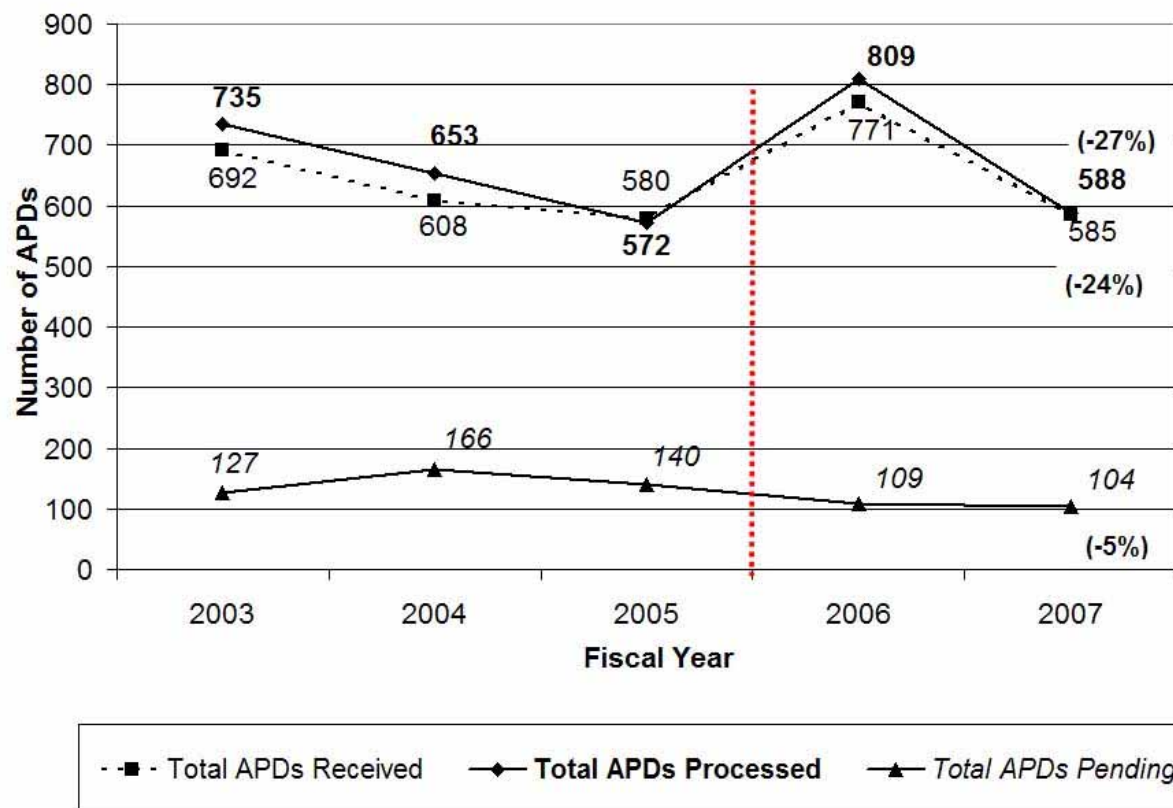


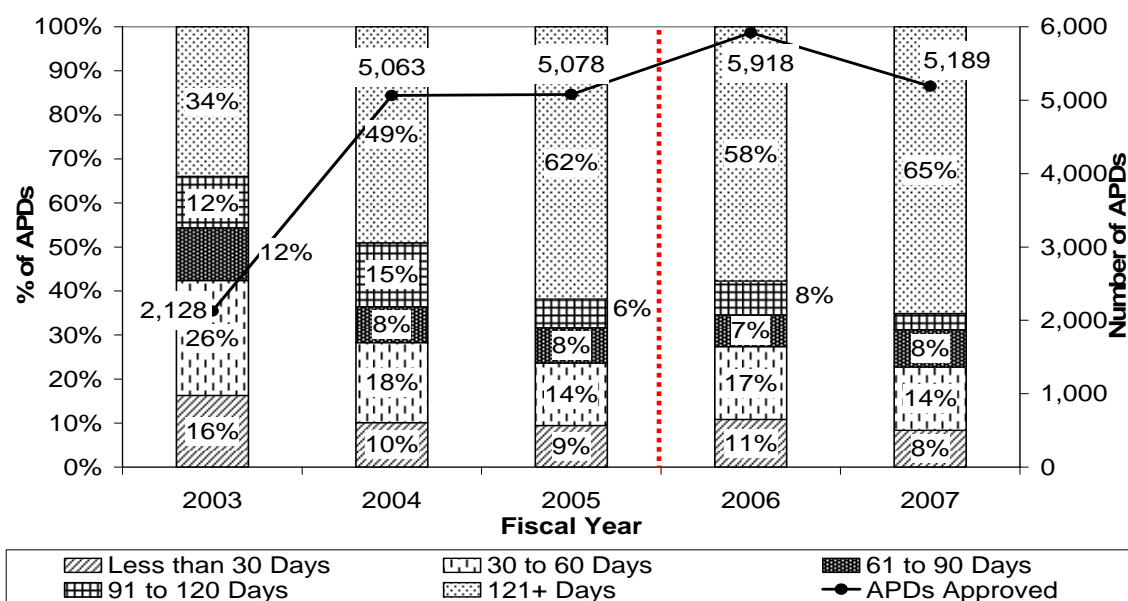
Figure 19. Total APDs Received, Processed, and Pending for the Carlsbad Pilot Office

APD Approval Times

Figure 20 provides a percentage analysis of APD approvals within 30, 60, 90, 120, and beyond 120 day time frames. The data represents the time from APD receipt to APD approval.

APDs requiring 120 days or longer to approve increased from 58 percent in FY06 to 65 percent of the total APDs approved in FY07. The Buffalo and Vernal pilot offices account for most of this increase, primarily due to more complex APD POD resource protection situations (Buffalo) and pending land use plan decisions and project NEPA actions (Vernal). See Appendix 8, Figures 8-50 through 8-56 which depict each pilot office's percentage of APDs approved within 30, 60, 90, 120 and 120-plus days.

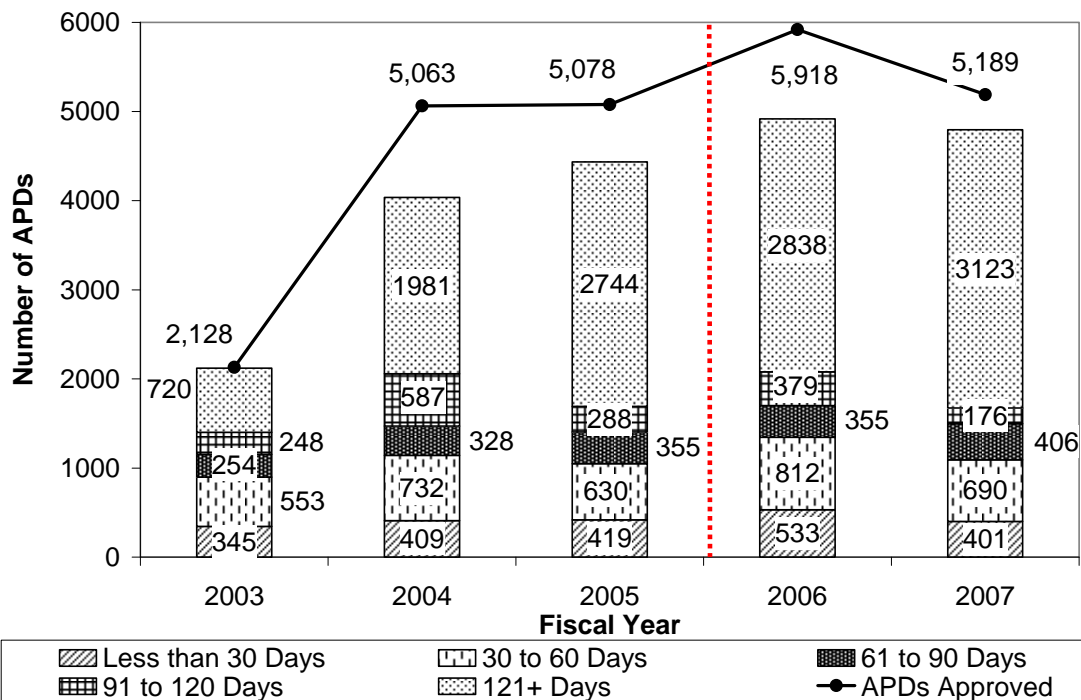
Figure 20. Percentage of APDs Approved within 30, 60, 90, 120, and 120+ Days for All Pilot Offices



Notes:
Source – AFMSS

Figure 21 shows the actual number of APDs approved within 30, 60, 90, 120 and 120-plus days for all pilot offices. The data represents the time from APD receipt to APD approval. See Appendix 8, Figures 8-58 through 8-64 for this performance data for each pilot office.

**Figure 21. Total APDs Approved
within 30, 60, 90, 120, and 120+ Days for All Pilot Offices**

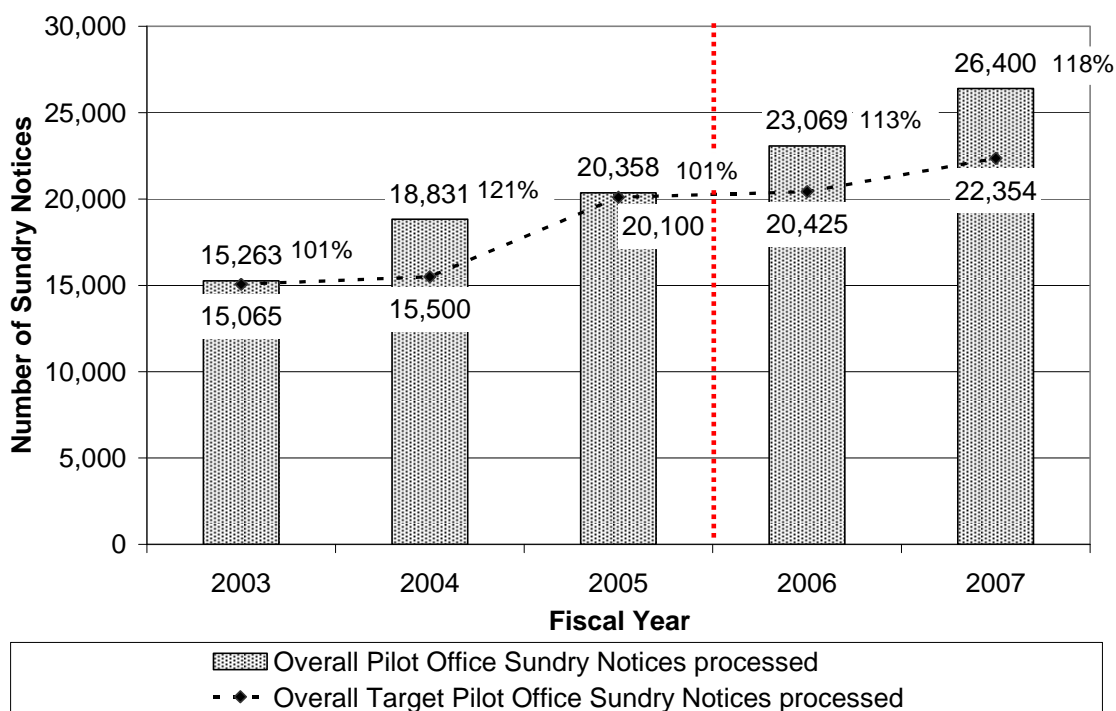


Notes:
Source – AFMSS

3.3.1.2 Observations: Sundry Notices

Figure 22 depicts the actual sundry notices processed, showing a steady increase over the 5-year period and peaking at 26,400 sundry notices for FY07. The sundry notices have consistently outperformed targets for each year.

Figure 22. Total Sundry Notices Processed for All Pilot Offices (Actual vs. Target)



Notes:

Source – AFMSS

Percentages indicates proportion of actual pilot sundry notices as a percentage of target pilot sundry notices

Miles City and Glenwood Springs are the only pilot offices where actual sundries processed have fallen short of targets, even though they show slight increases in FY07 from FY06. Since the number of sundries submitted was lower than estimated, the target was not reached. There is not a backlog of unprocessed sundries.

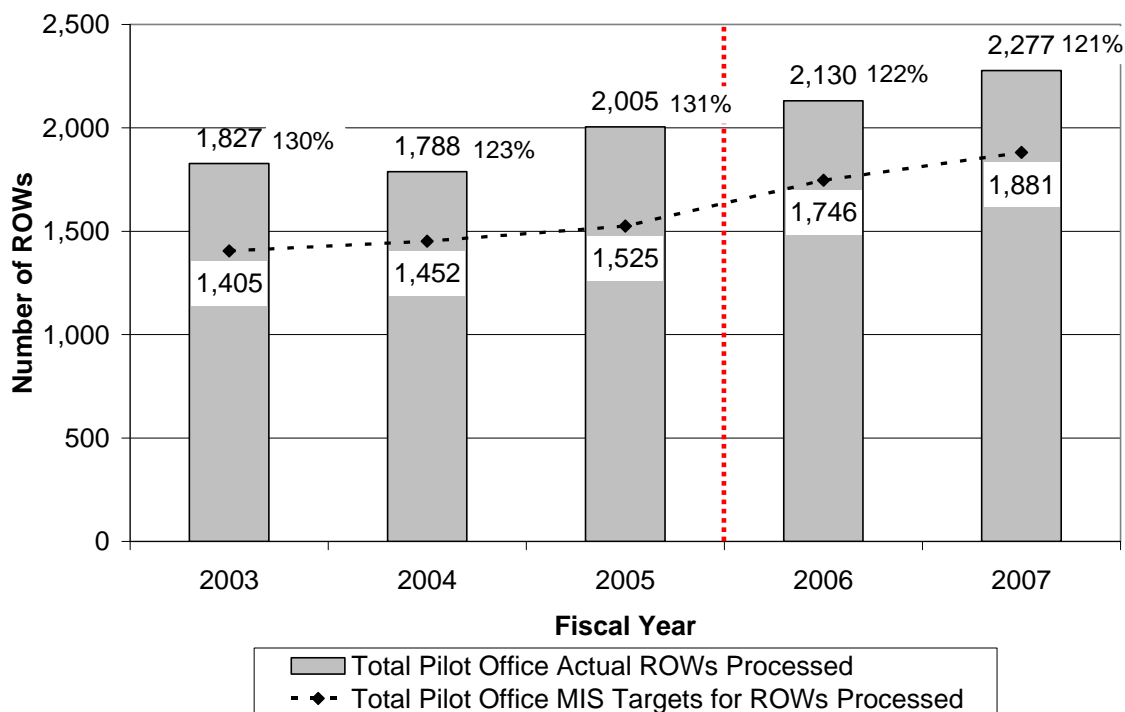
Sundry notice target values are based on an estimation of the number of sundry notices that Industry will submit and is utilized internally by BLM for workload planning purposes.

3.3.1.3 Observations: ROWs

As shown in Figure 23, actual ROWs processed have shown a steady increase over the 5-year period, peaking at 2,277 ROWs for FY07. The ROWs have consistently outperformed targets for each year.

Glenwood Springs is the only pilot office where actual ROWs processed have fallen short of targets, with a decrease in FY07 from FY06.

Figure 23. Total ROWs Processed for All Pilot Offices (Actual vs. Target)



Notes:

Source – AFMSS

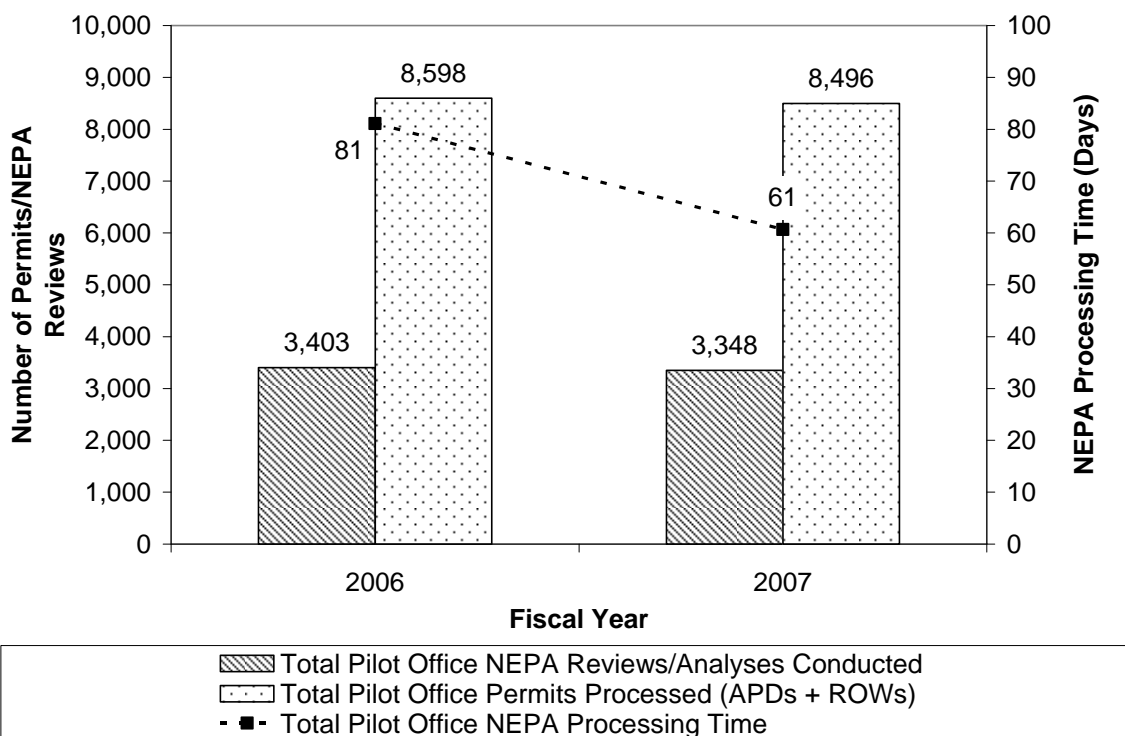
Percentages indicate proportion of actual pilot ROWs as a percentage of target pilot ROWs

ROW target values are based on an estimation of the number of ROWs that Industry will submit and is utilized internally by BLM for workload planning purposes.

3.3.1.4 Observations: Number and Timeliness of NEPA Reviews

Figure 24 shows the overall number of NEPA reviews has decreased marginally from 3,403 reviews in FY06 to 3,348 reviews in FY07. Yet, the average NEPA processing time shows a 25 percent decrease from 81 days in FY06 to 61 days in FY07. Glenwood Springs has shown the biggest drop in processing time from 63 days in FY06 to 39 days in FY07. Glenwood Springs is the only pilot office showing an increase in the number of NEPA reviews for FY07. See Appendix 8, Figures 8-83 through 8-87 for the performance data for the Miles City, Buffalo, Glenwood Springs, Farmington, and Carlsbad Pilot Offices. Processing time data was not available for the Rawlins and Vernal Pilot Offices for FY06 and FY07.

Figure 24. Total NEPA Reviews and Average Processing Time for All Pilot Offices



Notes:

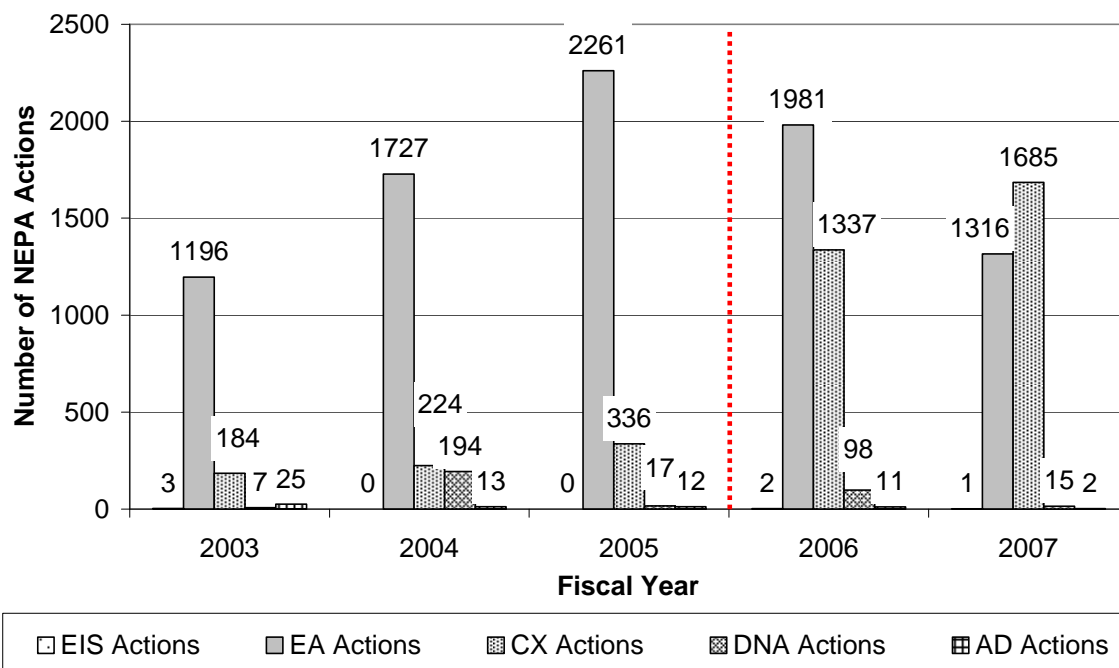
Source – AFMSS, MIS, and pilot office NEPA log data

Rawlins and Vernal data was unavailable for FY06 and FY07

FY06 and FY07 data has been utilized because some prior-year data for a few field offices is not available

As shown in Figure 25, EAs and CXs were the most frequent type of NEPA reviews conducted, with CXs (at 1,685 reviews) overtaking EAs (at 1,316 reviews) for FY07.

Figure 25. Total NEPA Actions by NEPA Type for All Pilot Offices



Notes:

Source – Pilot office NEPA log data

EIS=Environmental Impact Statement, EA=Environmental Assessment, CX=Categorical Exclusion, DNA=Determination of NEPA Adequacy, AD=Administrative Determination

3.3.1.5 Observations: Inspections

Inspections Numbers

Figure 26 compares pilot office planned versus completed inspection performance data. The offices conducted 10,982 total inspections (environmental inspections, drilling inspections, and production inspections), as opposed to 8,880 inspections conducted in FY06, for a 24-percent increase. One hundred percent of BLM's planned inspections were accomplished during year two compared to 91 percent during year one.

Notes for the following 8 figures:
Source – AFMSS

Figure 26. Total Inspections for All Pilot Offices (Planned vs. Completed)

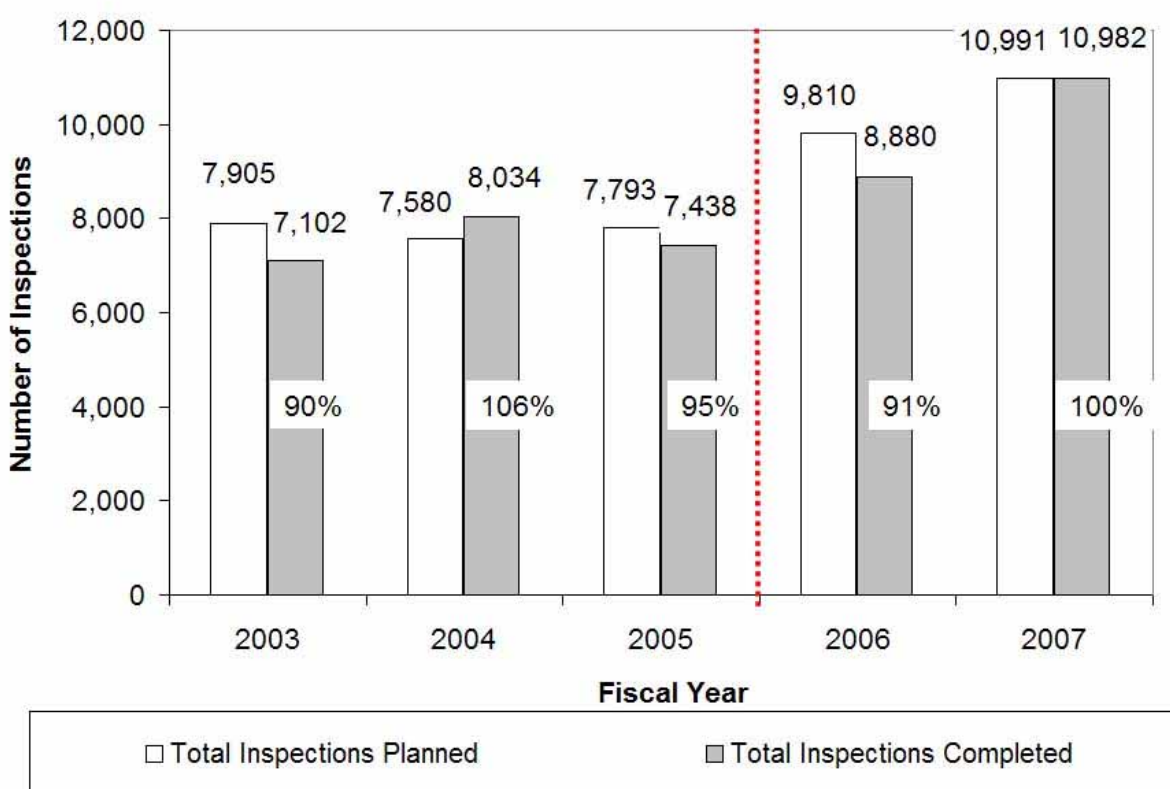


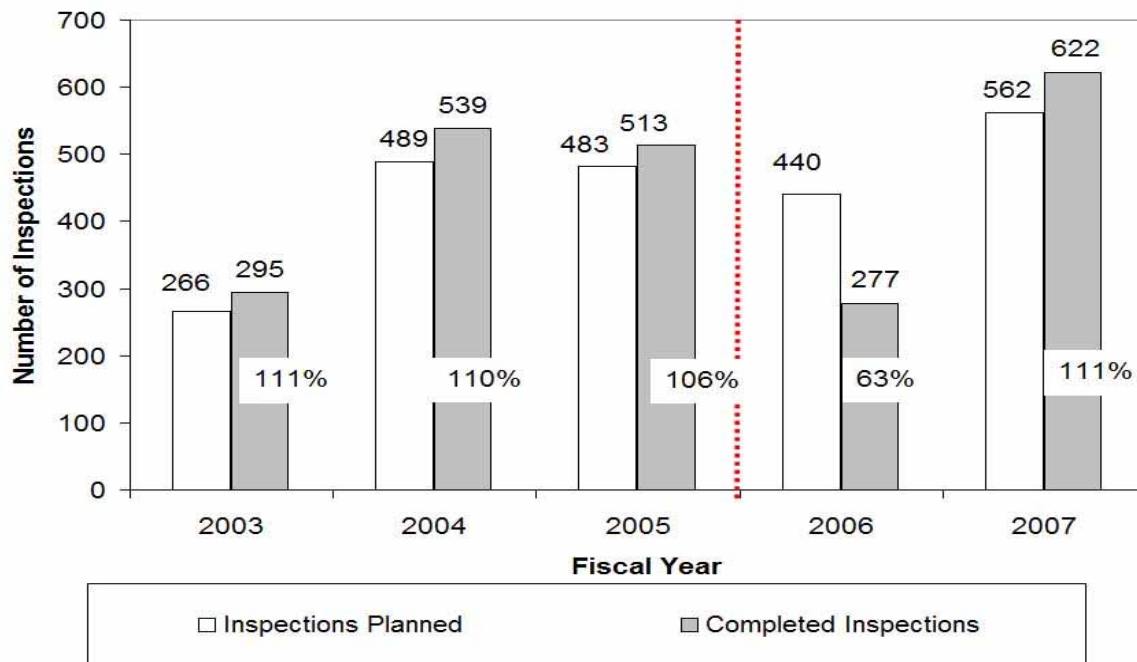
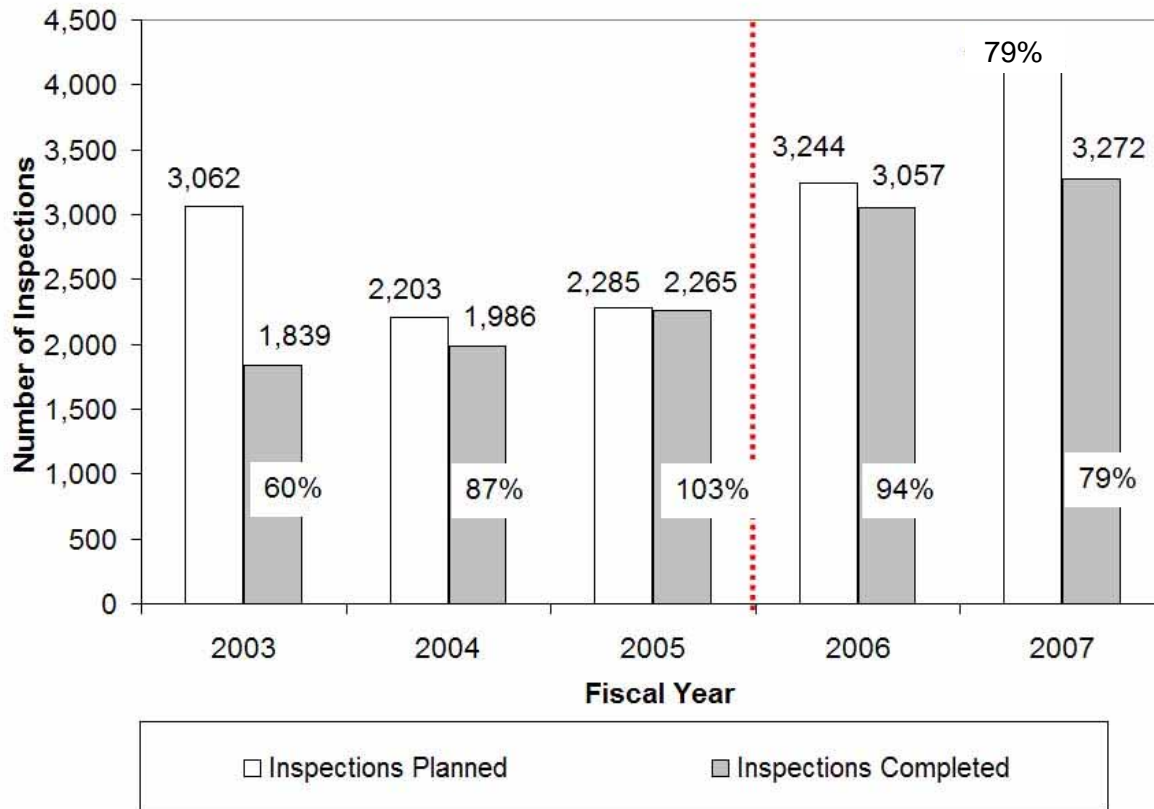
Figure 27. Total Inspections for the Miles City Pilot Office (Planned vs. Completed)**Figure 28. Total Inspections for the Buffalo Pilot Office (Planned vs. Completed)**

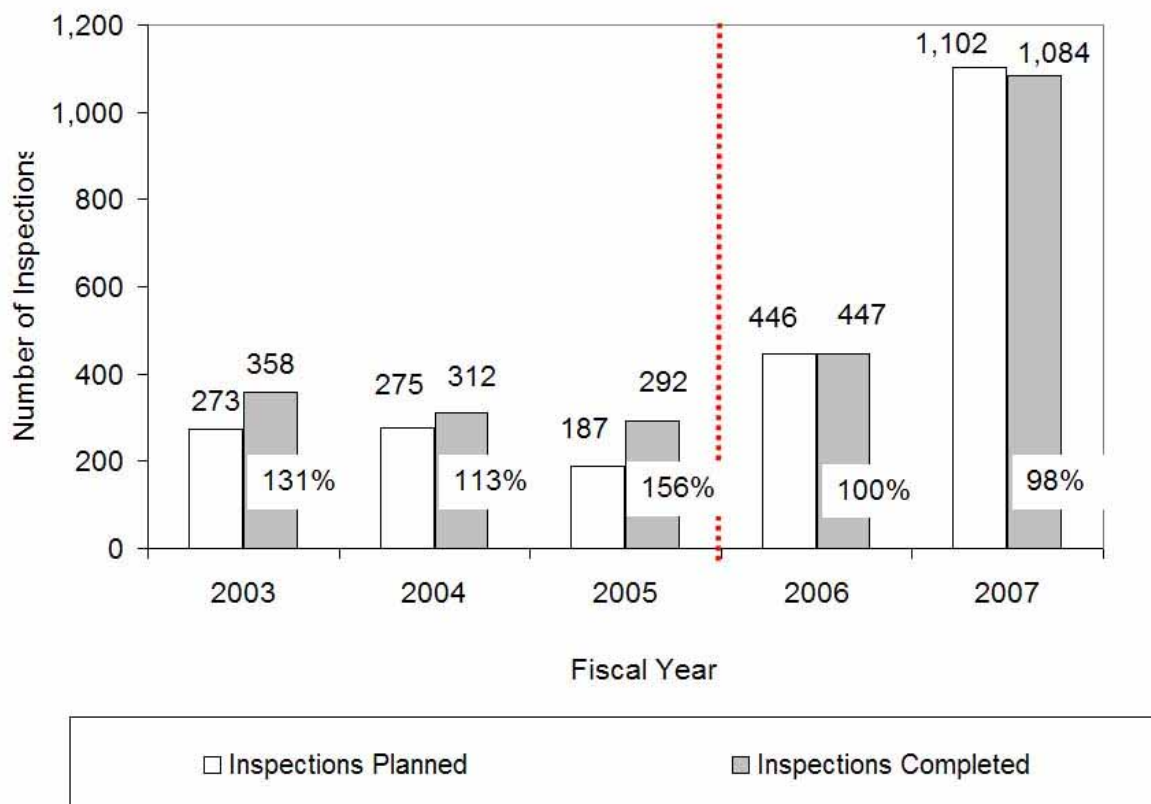
Figure 29. Total Inspections for the Rawlins Pilot Office (Planned vs. Completed)**Figure 30. Total Inspections for the Glenwood Springs Pilot Office (Planned vs. Completed)**

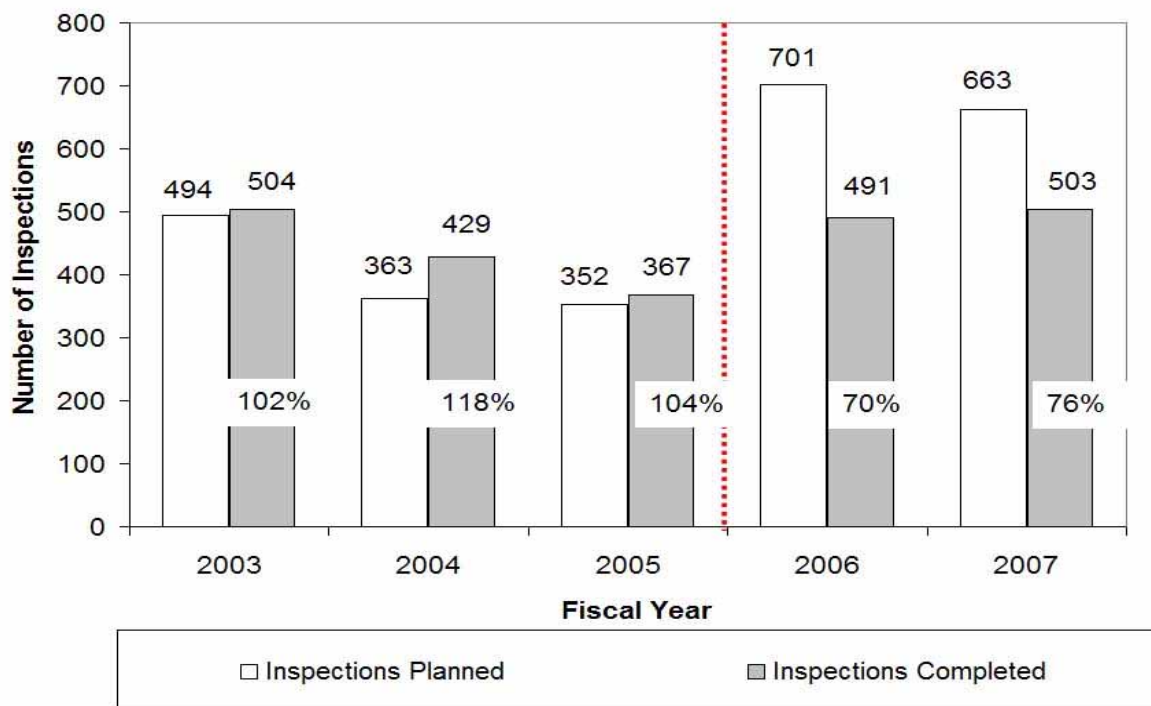
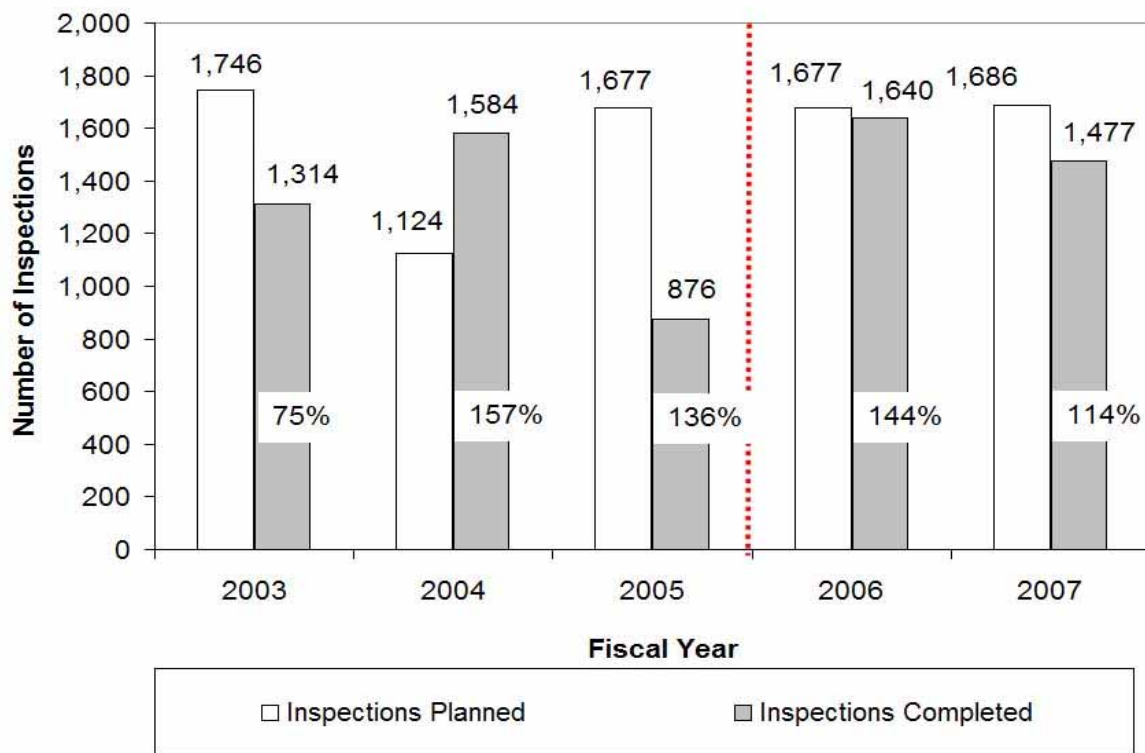
Figure 31. Total Inspections for the Vernal Pilot Office (Planned vs. Completed)**Figure 32. Total Inspections for the Farmington Pilot Office (Planned vs. Completed)**

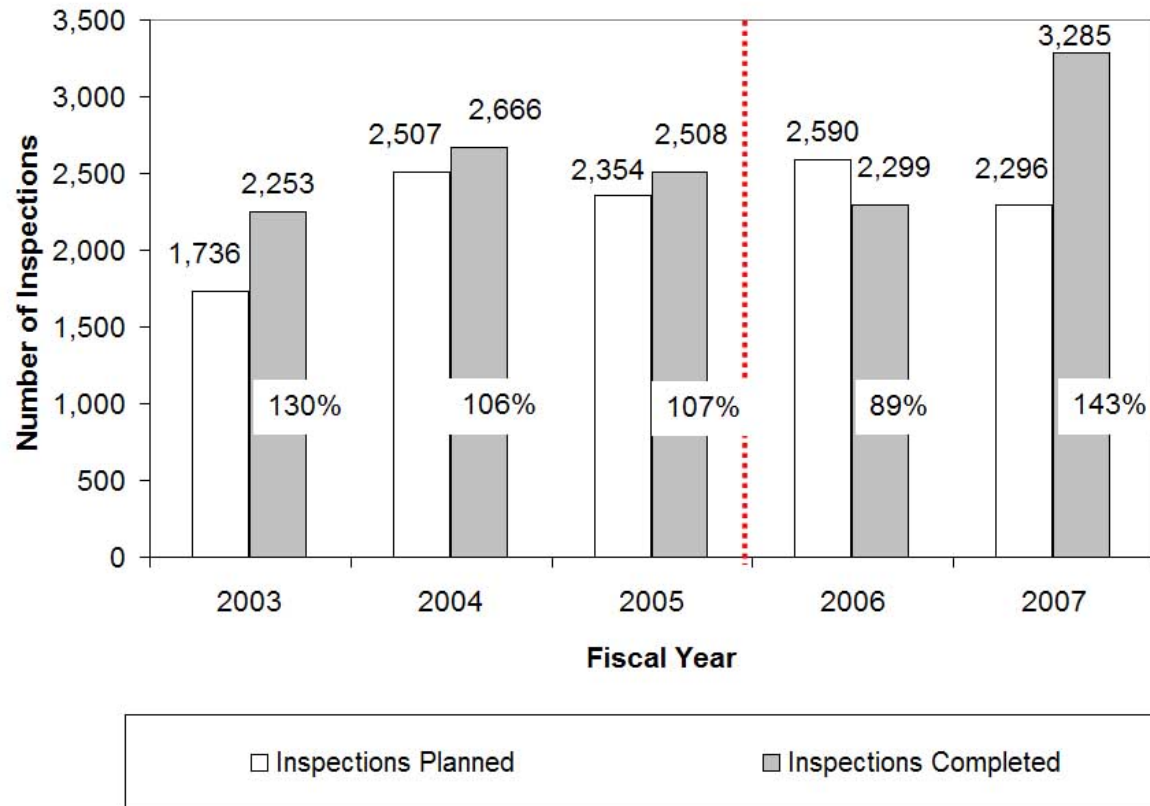
Figure 33. Total Inspections for the Carlsbad Pilot Office (Planned vs. Completed)

Figure 34 shows the FY07 number of completed environmental inspections has increased by 78 percent from 3,365 inspections in FY06 to 5,976 inspections in FY07. The number of environmental inspections (5,976) and production inspections (2,188) are the largest categories of inspections for FY07. The overall number of inspections shows a sharp rise from FY06 to FY07.

Notes for the following 8 figures:

Source – AFMSS

Other completed inspections include Abandonment, Workover, Record Verification, Undesirable Events and Alleged Theft

Figure 34. Total Inspections by Inspection Type for All Pilot Offices

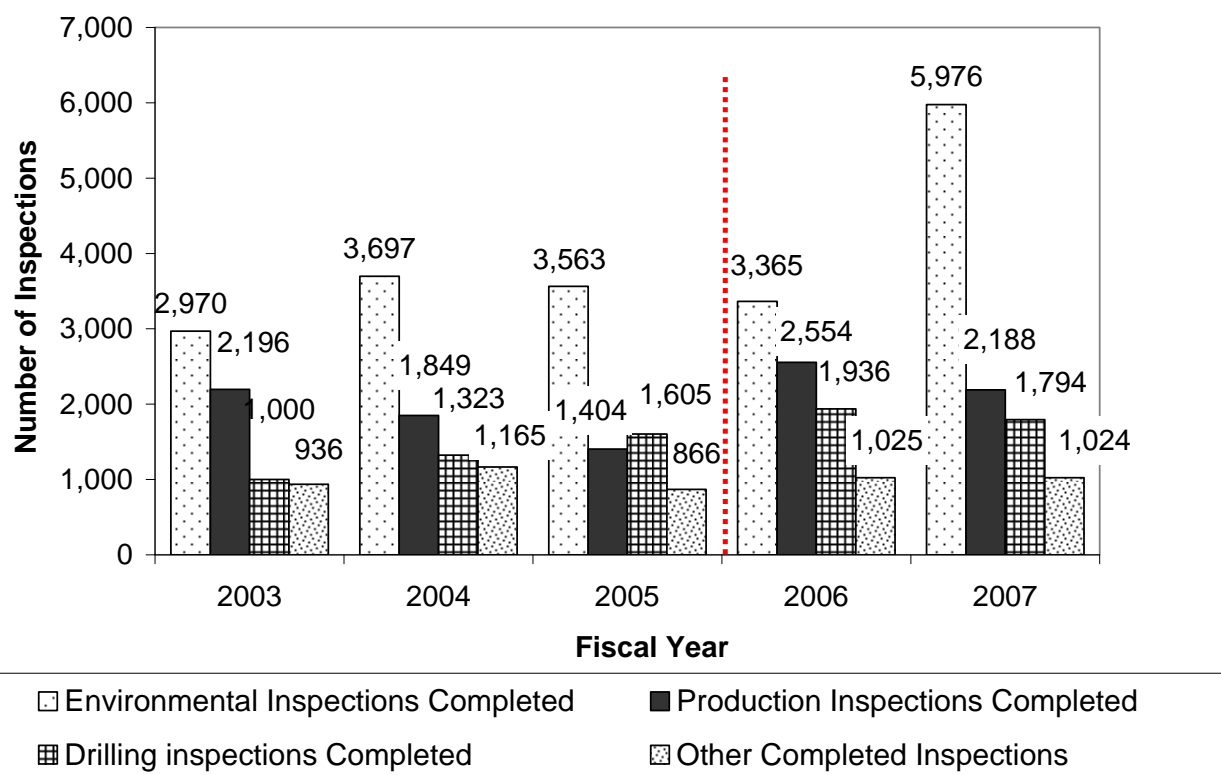


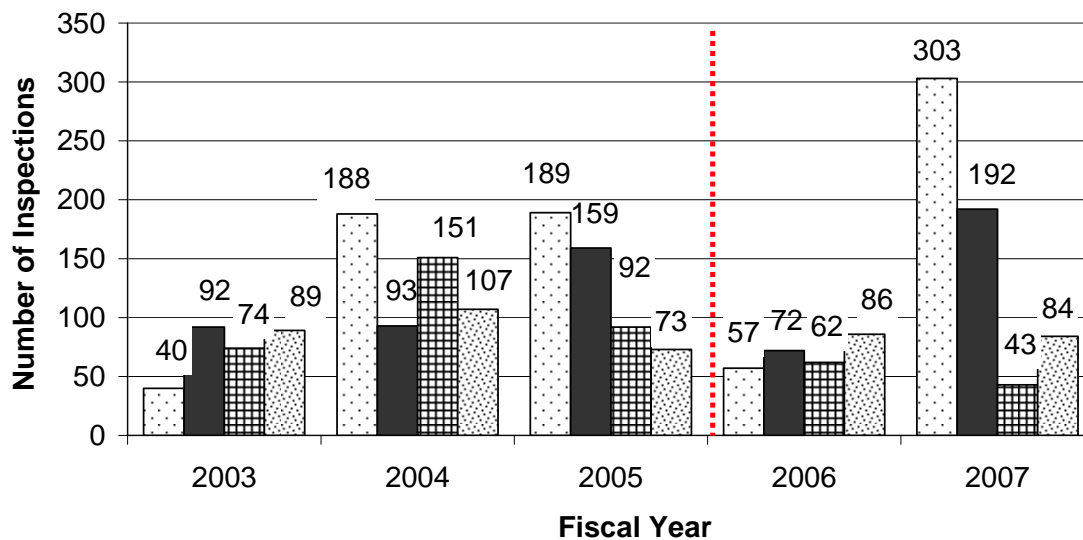
Figure 34 shows the number of completed production inspections has decreased by 14 percent from 2,554 inspections in FY06 to 2,188 inspections in FY07. It should be expected that as a result of hiring additional PETs and PATs that the number of production inspections should have increased since the start of the pilot project. The 14 percent drop in production inspections since last year can be attributed to the following factors:

- For pilot offices experiencing extremely high levels of drilling activity, BLM policy is to ensure the completion of higher priority drilling inspections over production inspections. As drilling activity begins to level off or decrease in these offices, the number of production inspections will increase.
- BLM policy is to ensure the completion of higher priority abandonment inspections over production inspections.
- For pilot offices which have large oil and gas fields (Vernal, Farmington, and Carlsbad) where federal unit and communitization agreements exist, each production inspection now requires more time to complete, as a result of infill well drilling and associated production infrastructure. In these situations, this results in production inspections becoming more complex. These inspections

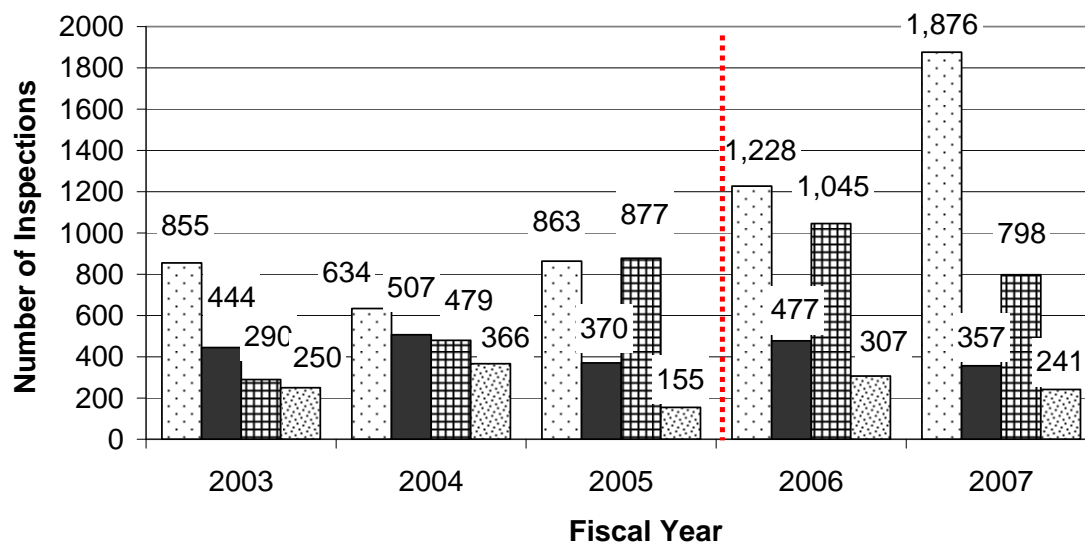
often take more than a year to complete (some take multiple years) and require a considerable amount of production data information, which has or has not been available through the MMS OGOR system and from pipeline, transporter, or operator sources.

- With the hiring of new PETs and PATs, sufficient training and certification is necessary to allow these staff to effectively conduct and complete production inspections. Additional personnel constraints to performing production inspections have occurred as a result of PET and PAT turnover.

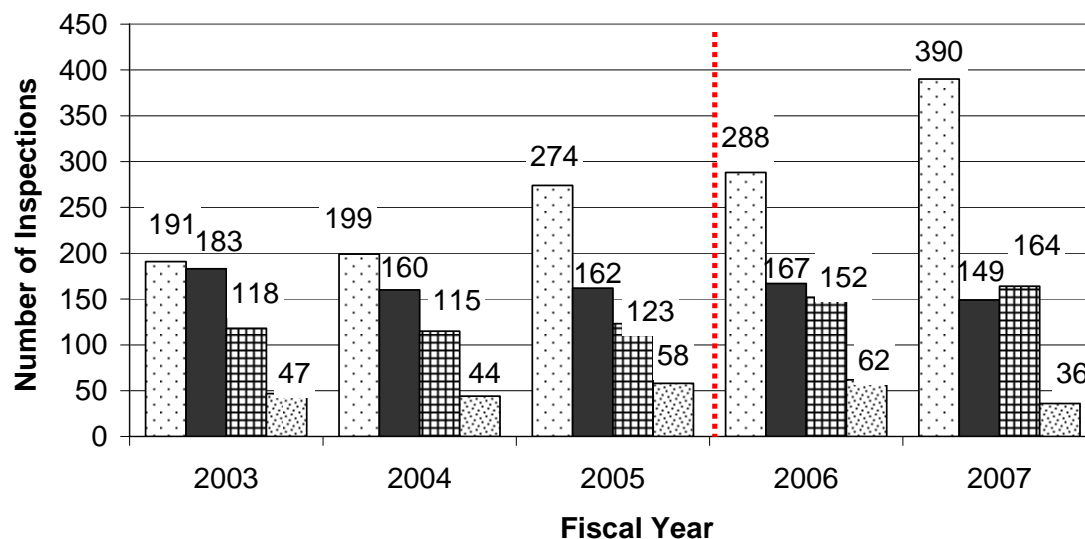
Figure 35. Total Inspections by Inspection Type for the Miles City Pilot Office



| | |
|---------------------------------------|------------------------------------|
| □ Environmental Inspections Completed | ■ Production Inspections Completed |
| ▨ Drilling inspections Completed | ▤ Other Completed Inspections |

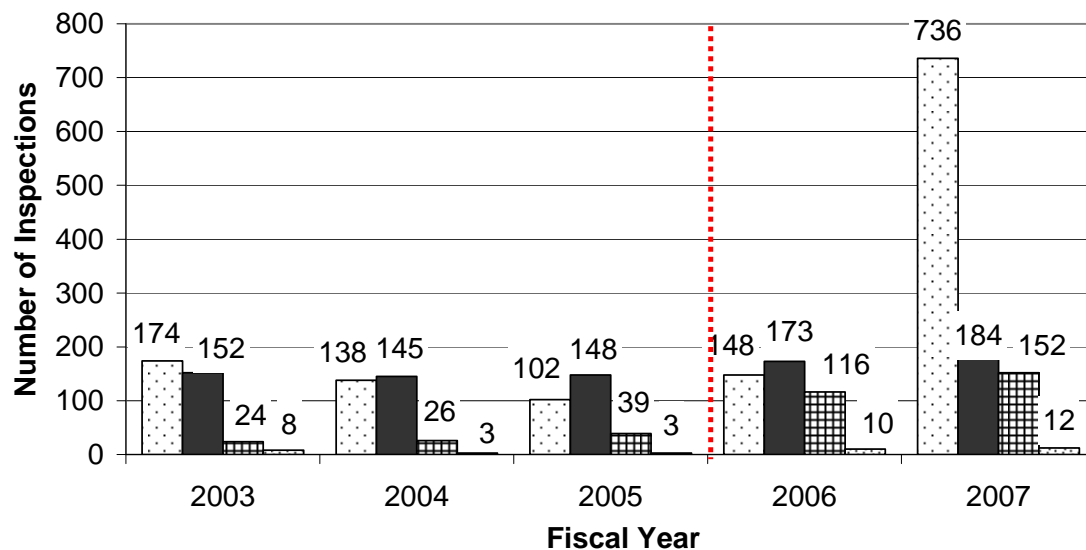
Figure 36. Total Inspections by Inspection Type for the Buffalo Pilot Office

| | |
|---------------------------------------|------------------------------------|
| □ Environmental Inspections Completed | ■ Production Inspections Completed |
| ▤ Drilling inspections Completed | ▦ Other Completed Inspections |

Figure 37. Total Inspections by Inspection Type for the Rawlins Pilot Office

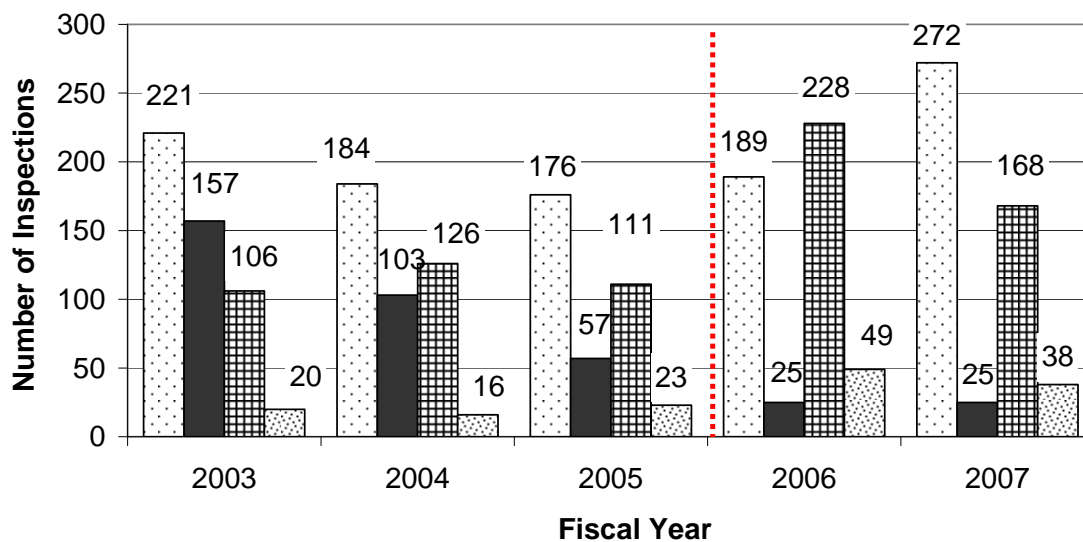
| | |
|---------------------------------------|------------------------------------|
| □ Environmental Inspections Completed | ■ Production Inspections Completed |
| ▤ Drilling inspections Completed | ▦ Other Completed Inspections |

Figure 38. Total Inspections by Inspection Type for the Glenwood Springs Pilot Office

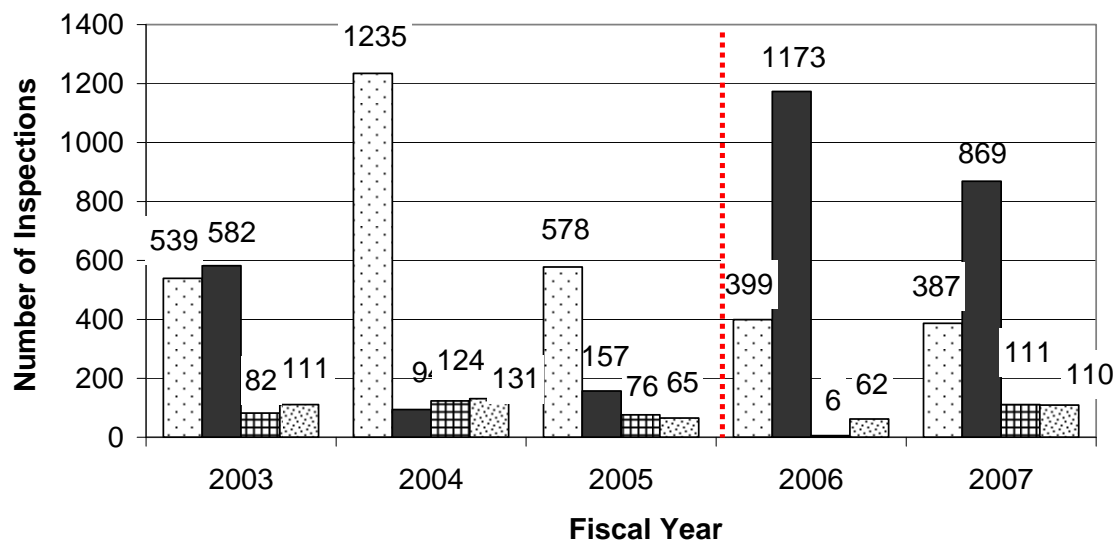


Environmental Inspections Completed
 Production Inspections Completed
 Drilling inspections Completed
 Other Completed Inspections

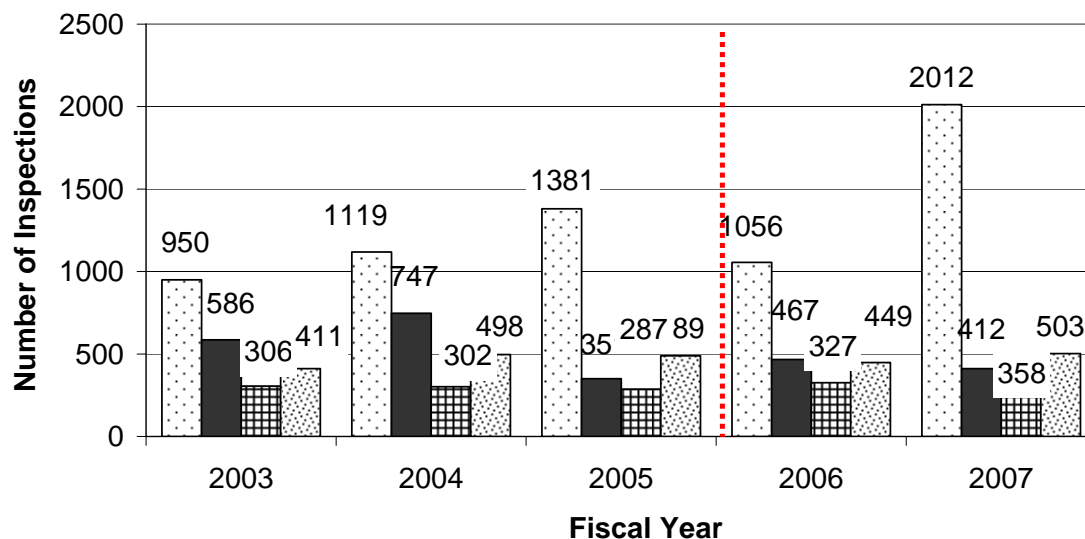
Figure 39. Total Inspections by Inspection Type for the Vernal Pilot Office



Environmental Inspections Completed
 Production Inspections Completed
 Drilling inspections Completed
 Other Completed Inspections

Figure 40. Total Inspections by Inspection Type for the Farmington Pilot Office

| | |
|---------------------------------------|------------------------------------|
| □ Environmental Inspections Completed | ■ Production Inspections Completed |
| ▤ Drilling inspections Completed | ▦ Other Completed Inspections |

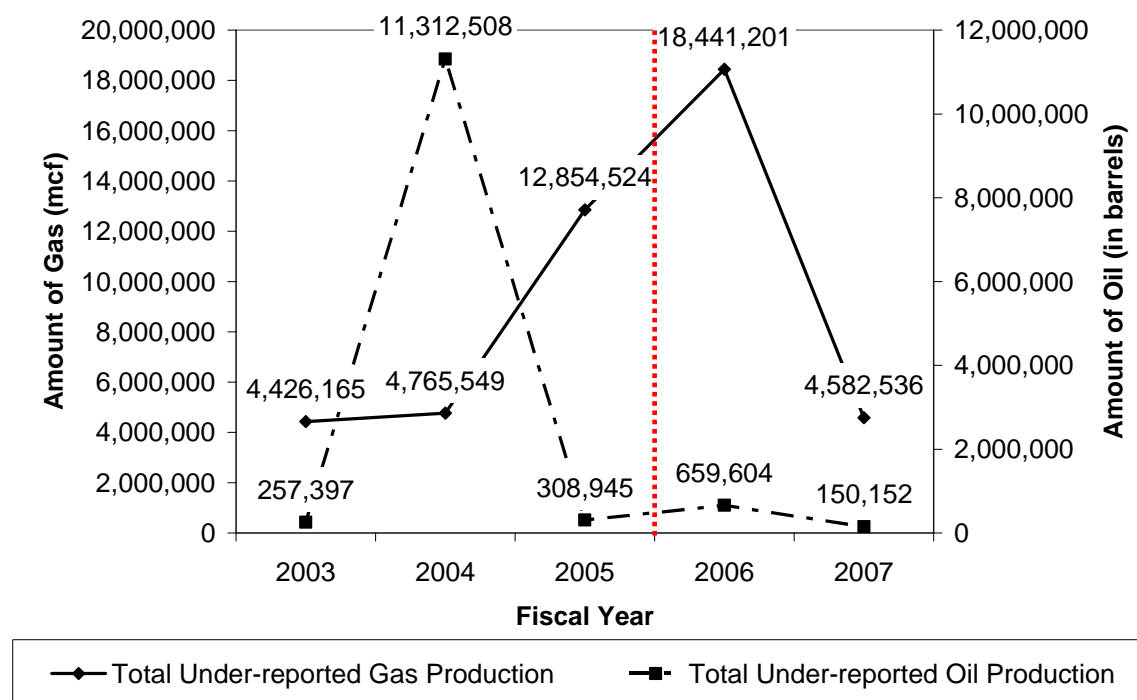
Figure 41. Total Inspections by Inspection Type for the Carlsbad Pilot Office

| | |
|---------------------------------------|------------------------------------|
| □ Environmental Inspections Completed | ■ Production Inspections Completed |
| ▤ Drilling inspections Completed | ▦ Other Completed Inspections |

Under-reported Production

Figure 42 shows that under-reported production for both oil and gas fell significantly in FY07. In FY06, the under-reported gas volume was 18.4 billion cubic feet (Bcf) whereas the FY07 volume fell to 4.6 Bcf. Under-reported oil production is now at a 3-year low of 150,152 barrels. This a direct result of prior litigation, which resulted in the BLM pilot offices not having access to MMS Oil and Gas Operation Reports (OGOR). BLM is working to ensure effective production accountability by the allocation of pilot funding which has resulted in the additional hiring and training of additional PET and PAT personnel during FY07. See Appendix 8, Figures 8-113 through 8-119 for each pilot office's performance data.

Figure 42. Under-reported Oil and Gas Production for All Pilot Offices



Notes:
Source – AFMSS

3.4 STAKEHOLDER RESPONSIVENESS RESULTS

3.4.1 Performance Summary

Stakeholder responsiveness has improved as a result of oversight and monitoring of violations and because of greater focus on providing outreach to Industry.

3.4.2 Outreach

3.4.2.1 Observations: Outreach

The pilot offices have established a consistent number of annual Industry outreach events. These are done periodically throughout the year or on demand as requested by the Industry (Table 14).

Table 14. Total Industry Outreach Sessions for All Pilot Offices

| Attribute: Pilot Office | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Buffalo | 3 | 5 | 5 | 5 | 5 |
| Rawlins | 32 | 38 | 31 | 31 | 32 |
| Glenwood Springs | 1 | 4 | 2 | 2 | 15 |
| Carlsbad | 6 | 11 | 22 | 18 | 52 |
| Farmington | 35 | 35 | 35 | 35 | 35 |
| Vernal | N/A | N/A | N/A | N/A | 4 |
| Miles City | 3 | 6 | 5 | 10 | 6 |
| TOTAL | 80 | 99 | 100 | 101 | 149 |

Since passage of the Energy Policy Act of 2005, an effort has been made to inform the public and stakeholders about the establishing the pilot offices, improving state and federal interagency coordination and collaboration, streamlining the oil and gas permitting process, and increasing I&E support.

During FY06, news releases were issued from the BLM Washington Office on developing and signing an MOU among DOI, USDA, EPA, and DOA. During FY07, additional news releases were issued on changes to the federal oil and gas regulations through the promulgation of Onshore Order Number 1.

The BLM Director and other BLM Washington Office officials continue to conduct visits to the pilot offices to ensure pilot project success.

The BLM Director and other BLM Washington Office officials continue to conduct visits to the pilot offices. During these visits, updates on pilot office performance and associated issues are shared with senior management.

The pilot offices continue to take initiatives to expand existing and/or determine new ways to interact with Industry, stakeholders, and the general public. This outreach is taking the form of regular operator educational meetings, offering on-the-ground “tailgate” sessions with operator field personnel, providing presentations at local Industry trade organization conferences, participating in Industry/public/local government oil and gas issue working groups, and sponsoring educational outreach programs for the general public.

At these gatherings, BLM provides information on BMPs, permit data and processing requirements, new procedures, and identifies emerging issues. From the pilot office perspective, the Industry, stakeholders, and public response is favorable.

Industry is experiencing a high staff turnover in their companies and its contract service personnel. As a result, Industry is looking for frequent educational opportunities to allow new and existing personnel to learn and keep current on BLM policies and procedures.

Mile City

The Miles City Pilot Office has conducted several operator outreach meetings, in both the CBNG and conventional plays, informing them of recent issues, such as sage grouse habitat management, and overall field BMPs.

In coordination with the Miles City Pilot Office, the USFWS has attended numerous meetings assisting in the development of the SEIS for CBNG development. This document is scheduled for completion in FY08 and full scale development in the Montana portion of the PRB will commence soon after completion. This EIS will substantially increase oil and gas permitting and I&E workloads for Miles City.

Buffalo

The Buffalo Pilot Office has held Industry, contractor, and consultant coordination meetings on an annual basis for the past seven to eight years. The pilot office has held annual BMP workshops in February. These workshops have focused on communicating reclamation and other BMP successes as accomplished by different operators and agencies. The pilot office has held coordination meetings with wildlife consultants and operators to discuss protocol changes and consistency issues, and to coordinate action for ongoing and future wildlife surveys. In addition, a meeting was held in May 2007 to inform the Industry and their contractors for BLM cultural survey and resource protection requirements.

The Buffalo Pilot Office has held coordination meetings with wildlife consultants and operators to discuss protocol changes and consistency issues, and to coordinate action for ongoing and future wildlife surveys.

Rawlins

During FY07, the Rawlins Pilot Office, in coordination with Industry, sponsored two Industry/Government conferences. A conference held in January 2007 emphasized wildlife protection and mitigation. In addition the ROW and permitting process was presented with the emphasis on better applications and streamlining the process. A June 2007 conference concentrated on surface use and mitigation. Acclaimed experts on reclamation, weed control, and construction techniques addressed over 200 attendees from Industry, government, and the private sector. Feedback, attendance, and information sharing from the conference was very positive and well received. Examples of Rawlins Pilot Office outreach efforts include the following:

- During FY07, the Rawlins Fluid Minerals Compliance Division gave several formal presentations to Industry field personnel regarding basic compliance problems and necessary corrective actions. These informative presentations were well received and have resulted in tangible compliance and communication improvement.
- Participation and coordination in meetings, including:
 - Industry safety conferences,
 - Resource Advisory Council meetings
 - Meetings with the ranching community
 - College career recruitment seminars
 - Presentations/field tours for BLM dignitaries and representatives from congressional offices.

SHOWCASE

Oil & Gas Permitting Public Outreach

The Glenwood Springs Energy Office conducts outreach meetings with homeowners' associations (e.g., Battlement Mesa, etc.) to explain the permitting process, drilling practices, pipeline construction, and the protection of surface and downhole resources through I&E activities.



Homeowners have become concerned about the impacts of nearby oil and gas development. The Glenwood Springs Energy Office has initiated this program to ensure the public's understanding of oil and gas exploration and development activities under BLM's multiple-use mandate.

Glenwood Springs

The Glenwood Springs Pilot Office participates in the quarterly Northwest Oil and Gas Forum, sponsored by the COGCC and Garfield County. In this forum, BLM provides updates to the public on permitting and land-use planning efforts. Glenwood sponsors a booth at local energy Industry fairs, to explain the APD process, the I&E program, reclamation practices, and BMPs.

The Glenwood Springs Energy Office conducts outreach meetings with homeowners' associations (Battlement Mesa, etc.) to explain the permitting process, drilling practices, pipeline construction, and the protection of surface and downhole resources through I&E activities. Homeowners have become concerned about the impacts of nearby oil and gas development. The Glenwood Springs Energy Office has initiated this program to ensure the public's understanding of oil and gas exploration and development activities under BLM's multiple use mandate. These meetings are meant to alleviate fears, establish trust, and inform the public of what BLM is doing.

The Glenwood Springs Energy Office also holds regular and ad-hoc outreach meetings for GAP studies with oil and gas operators before permitting (APDs, pipelines, etc.) to explain what BLM expects. On several occasions, outreach meetings were held with operators to explain violations found, inform them of new policy or procedure changes, discuss and resolve newly identified issues, and search for improved, collaborative ways of doing business while minimizing impacts to other resources.

Farmington

The Farmington Pilot Office conducts outreach meetings with Industry to clarify the intent of the revised Onshore Order Number 1. In several meetings, discussions focused on each new point of the Onshore Order. As a result of these meetings, a guide to the Order was developed and subsequently adopted by BLM New Mexico.

The Farmington Pilot Office participates in the San Juan Basin Working Committee. This committee discusses important basin-wide oil and gas-related issues. Committee members collectively implement corrective actions.

The Farmington Pilot Office conducts outreach meetings with the ranchers to apprise the ranching community of oil and gas related projects and address issues of concern.

Since the San Juan Basin has a strong representation of ranchers, the Farmington Pilot Office conducts outreach meetings with the ranchers to inform the ranching community of oil and gas-related projects and address issues of concern.

BLM New Mexico actively participates in New Mexico Oil and Gas Association (NMOGA) meetings and conferences.

Carlsbad

The Carlsbad Pilot Office has conducted outreach efforts during the past 2 years and is now experiencing positive results. These results include operator submission of higher quality APD documents, improved permit planning, increased opportunities for BLM and Industry education, better relationships, and development of lasting partnerships. Examples of Carlsbad Pilot Office outreach efforts include the following:

- Newspaper articles
- BLM oil and gas workshops and seminars in New Mexico, Texas, and Oklahoma

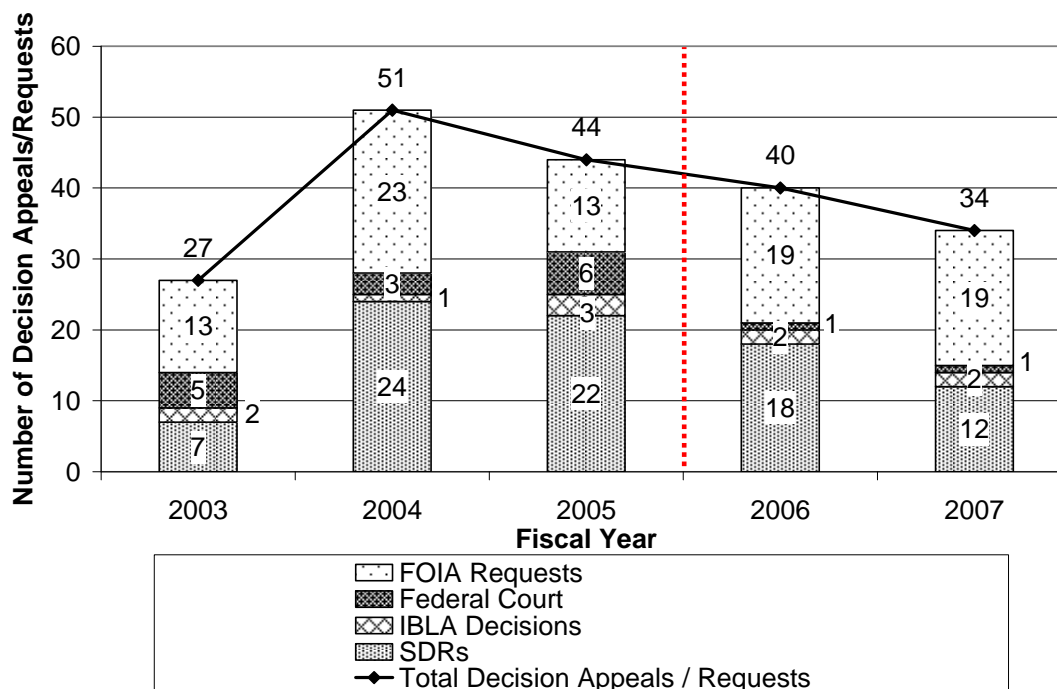
- Presentations at regularly scheduled BLM internal and external meetings (e.g., BLM offices, Resource Advisory Councils, potash companies, and oil and gas companies)
- Town hall meetings throughout southeast New Mexico
- Meetings with the ranching community and allottees
- Oil and gas Industry meetings and associated entities (NMOGA)
- Professional organizational seminars and meetings (Permian Basin Environmental Regulatory Seminar, Midland College's Petroleum Professional Development Center)
- High school or college career recruitment seminars
- Presentations and field tours for higher level BLM staff
- Presentations and field tours for representatives from congressional offices.

Outreach topics are based on request, area interest, current issues, or educational enhancement. Benefits include a public awareness of BLM's programs and mission with the Energy Bill, sharing innovative ideas, suggesting solutions for conflicts, providing an opportunity for external customers to be a part of the process, and allowing face-to-face communication.

3.4.2.2 Observations: Decision Appeals and FOIA Requests

Figure 43 shows the total number of pilot office decision appeals (State Director reviews, IBLA decisions, and federal court actions) and Freedom of Information Act (FOIA) requests. Over the last five years, the pilot offices have been impacted with additional workload to provide time-sensitive support for these decision appeal actions or information requests. See Appendix 8, Figures 8-121 through 8-127 for each pilot office's performance data.

Figure 43. Total Decision Appeals and FOIA Requests for All Pilot Offices



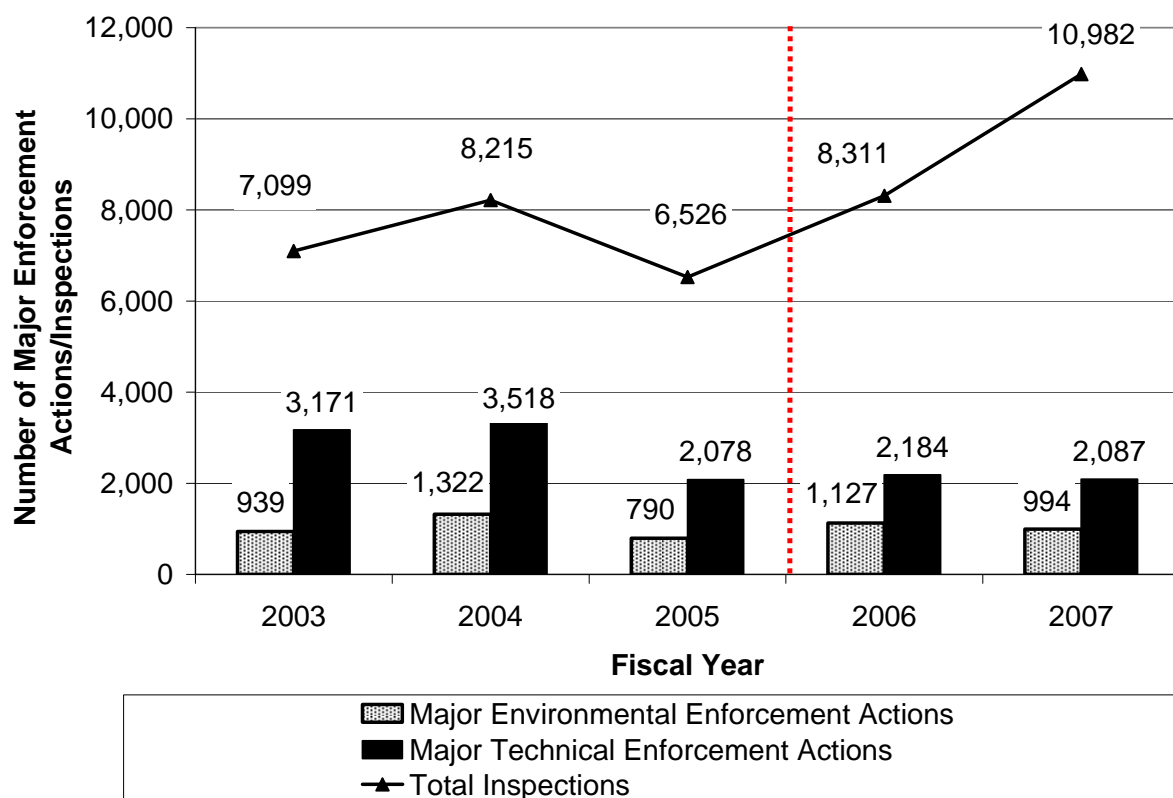
Notes:

Source – Pilot office or state office tracking systems

3.4.2.3 Observations: Technical and Environmental Major Enforcement Actions

As shown in Figure 44, the overall number of major technical enforcement actions has remained stable from FY05 to FY07. The overall number of major environmental enforcement actions has increased since the start of the pilot, but has decreased by four percent during FY07. See Appendix 8, Figures 8-129 through 8-135 for each pilot office's performance data.

Figure 44. Total Environmental and Technical Enforcement Actions for All Pilot Offices



Notes:
Source – AFMSS

Rawlins, Glenwood Springs, and Carlsbad pilot offices show significant decreases in both the technical and environmental enforcement actions for FY07.

Buffalo Pilot Office Example

The increased funding has allowed the Buffalo Pilot Office to increase its capability to conduct surface and subsurface compliance inspections. The number of surface compliance inspections has increased by more than 50 percent. The non-compliance rate has decreased over the last 3 years from roughly 70 percent to less than 30 percent for surface issues. Subsurface compliance inspections have increased by more than 15 percent as a result of the increased funding and associated positions.

Key Conclusions:

- Through ongoing Industry outreach, BLM is sharing technical and environmental enforcement action insights, which aids the Industry in avoiding violations.
- Increased pilot funding has resulted in keeping major environmental and technical violations under control.

3.5 FINANCIAL ACCOUNTABILITY RESULTS

The primary BLM cost elements that provide information for analysis of expenditures for the pilot offices are as follows:

- BLM Program Element EJ—Process Fluid Mineral APDs
- BLM Program Element NB—Conduct Fluid Mineral I&E
- BLM Program Element ER—Process ROW Grants
- BLM Program Element FJ—Process Sundry Notices

Table 15 provides the total expenditures for each pilot office for each the four BLM program elements for FY06 and FY07, the percent cost increase or decrease from FY06 to FY07, the totals for each program element and for all elements for each pilot office.

It is important to note, that participating state government agency pilot funding is allocated directly to the BLM pilot offices (via the BLM pilot state office budgeting process). The respective pilot office expenditures shown in Table 15 therefore include state agency pilot participation funding allocations to support pilot project cooperative assistance agreements with these agencies.

SHOWCASE

Increased Field Inspections

Enhanced funding has allowed the Buffalo Pilot Office to increase its capability to conduct surface and subsurface compliance inspections. Over the last 3 years, the number of surface compliance inspections has increased by more than 50 percent. The noncompliance rate has decreased from roughly 70 percent to less than 30 percent for surface issues. Subsurface compliance inspections have increased by more than 15 percent through the addition of new inspection positions.



Table 15. Total Pilot Office Expenditures for Four Key BLM Cost Program Elements (FY06 and FY07)

| Pilot Office / Fiscal Year / Percent Change | | Process Fluid Mineral APDs (EJ¹) | Process ROW Grants (ER²) | Process Sundry Notices (FJ³) | Conduct Fluid Mineral I&E (NB⁴) | Pilot Office Total Expenditures |
|--|----------------|--|--|--|---|--|
| Miles City | FY06 | \$1,095,388 | \$231,569 | \$442,967 | \$1,156,544 | \$2,926,468 |
| | FY07 | \$1,117,593 | \$216,014 | \$485,025 | \$878,956 | \$2,697,588 |
| | Percent Change | 2% | -7% | 9% | -24% | -8% |
| Buffalo | FY06 | \$4,536,972 | \$169,104 | \$410,059 | \$2,991,590 | \$8,107,725 |
| | FY07 | \$4,337,346 | \$149,008 | \$544,749 | \$2,611,912 | \$7,643,015 |
| | Percent Change | -4% | -12% | 33% | -13% | -6% |
| Rawlins | FY06 | \$3,400,376 | \$779,265 | \$221,536 | \$993,878 | \$5,395,055 |
| | FY07 | \$3,412,024 | \$890,691 | \$777,020 | \$868,521 | \$5,948,256 |
| | Percent Change | 0% | 14% | 251% | -13% | 10% |
| Glenwood Springs | FY06 | \$1,523,174 | \$801,010 | \$338,537 | \$952,883 | \$3,615,604 |
| | FY07 | \$1,379,419 | \$666,533 | \$257,832 | \$1,029,663 | \$3,333,447 |
| | Percent Change | -9% | -17% | -24% | 8% | -8% |
| Vernal | FY06 | \$3,008,143 | \$529,753 | \$500,107 | \$2,791,798 | \$6,829,801 |
| | FY07 | \$4,471,502 | \$705,739 | \$479,985 | \$2,538,958 | \$8,196,184 |
| | Percent Change | 49% | 33% | -4% | -9% | 20% |
| Farmington | FY06 | \$2,338,995 | \$1,051,758 | \$491,937 | \$4,521,388 | \$8,404,078 |
| | FY07 | \$2,301,234 | \$1,135,098 | \$450,330 | \$4,481,868 | \$8,368,530 |
| | Percent Change | -2% | 8% | -8% | -1% | 0% |
| Carlsbad | FY06 | \$2,712,394 | \$888,332 | \$367,537 | \$4,193,743 | \$8,162,006 |
| | FY07 | \$3,102,127 | \$972,360 | \$305,907 | \$4,033,435 | \$8,413,829 |
| | Percent Change | 14% | 9% | -17% | -4% | 3% |
| Pilot Totals | FY06 | \$18,615,442 | \$4,450,791 | \$17,601,824 | \$2,772,680 | \$43,440,737 |
| | FY07 | \$20,121,245 | \$4,735,443 | \$16,443,313 | \$3,300,848 | \$44,600,849 |
| | Percent Change | 8% | 6% | -7% | 19% | 3% |

| Pilot Office / Fiscal Year / Percent Change | Process Fluid Mineral APDs (EJ ¹) | Process ROW Grants (ER ²) | Process Sundry Notices (FJ ³) | Conduct Fluid Mineral I&E (NB ⁴) | Pilot Office Total Expenditures |
|--|---|--|--|--|---------------------------------------|
|--|---|--|--|--|---------------------------------------|

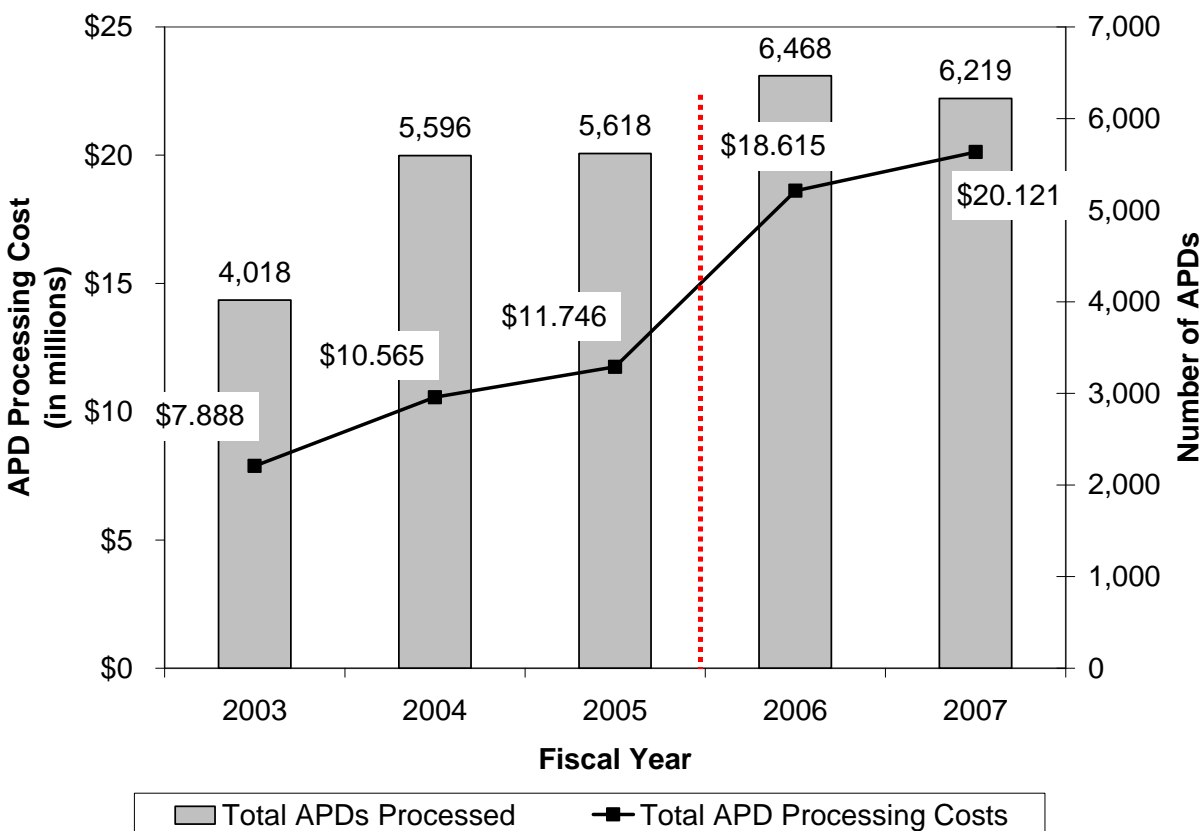
1. Denotes BLM Budget Program Element EJ – Process Fluid Mineral APDs total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), pilot office total expenditure column reflects total expenditures for all seven pilot offices.
2. Denotes BLM Budget Program Element FJ – Process Sundry Notices total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), pilot office total expenditure column reflects total expenditures for all seven pilot offices.
3. Denotes BLM Budget Program Element RJ – Process ROW Grants total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), pilot office total expenditure column reflects total expenditures for all seven pilot offices.
4. Denotes BLM Budget Program Element NB – Conduct Fluid Mineral I&E total labor and overhead expenditures from BLM Fund Codes 1310 (oil and gas program base funding) and 9141 (pilot project funding), pilot office total expenditure column reflects total expenditures for all seven pilot offices.

3.5.1 Observations

3.5.1.1 APD Costs

Coinciding with a decrease in the APDs received and processed, the overall APD processing costs reflected in Figure 45 have increased from \$18.6 million in FY06 to \$20.1 million in FY07. The cost for Buffalo and Glenwood Springs has decreased by \$1 million each in FY07; the cost for Vernal has increased by \$1 million in FY07. See Appendix 8, Figures 8-137 through 8-143 for this performance data for each pilot office.

Figure 45. Total APD Processing Costs for All Pilot Offices



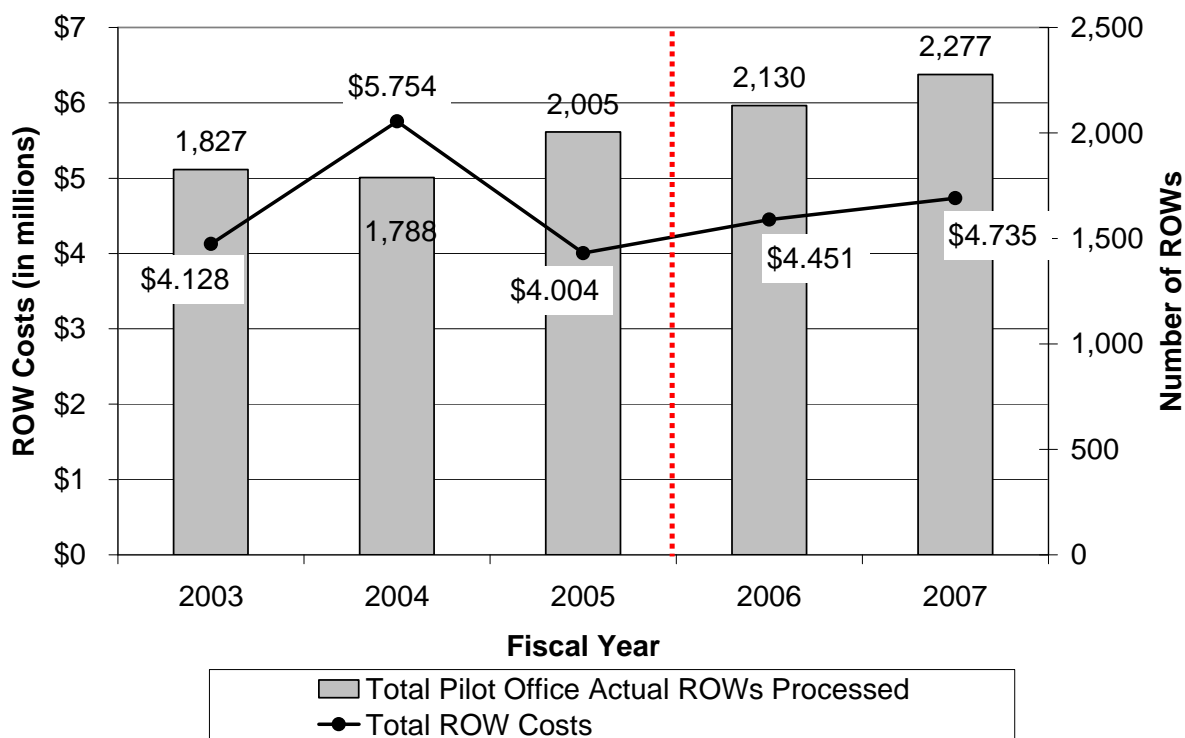
Notes:

Source – BLM CBS and AFMSS

3.5.1.2 ROW Costs

Figure 46 illustrates the pilot office total ROW processing costs and total ROW grants processed. See Appendix 8, Figures 8-145 through 8-151 for this performance data for each pilot office.

Figure 46. Total ROW Processing Costs for All Pilot Offices

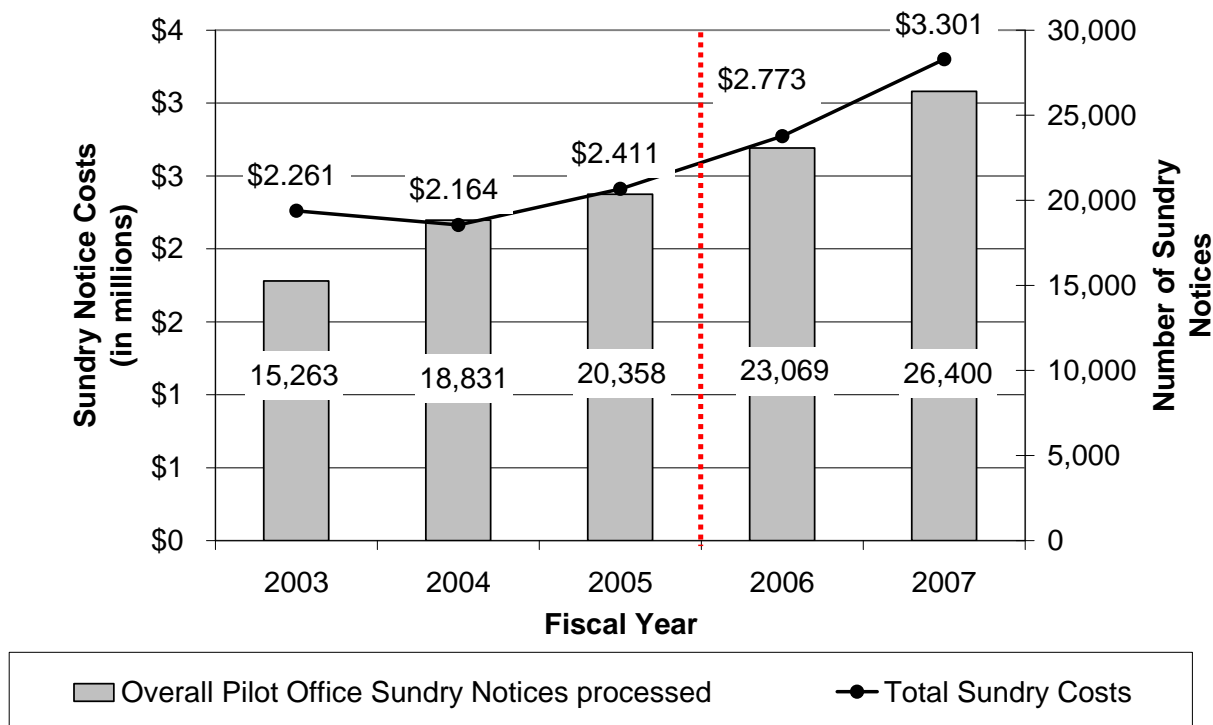


Notes:
Source – BLM CBS and MIS

3.5.1.3 Sundry Notice Costs

Figure 47 illustrates the pilot office total sundry notice processing costs and total sundry notices processed. See Appendix 8, Figures 8-153 through 8-159 for this performance data for each pilot office.

Figure 47. Total Sundry Notice Processing Costs for All Pilot Offices

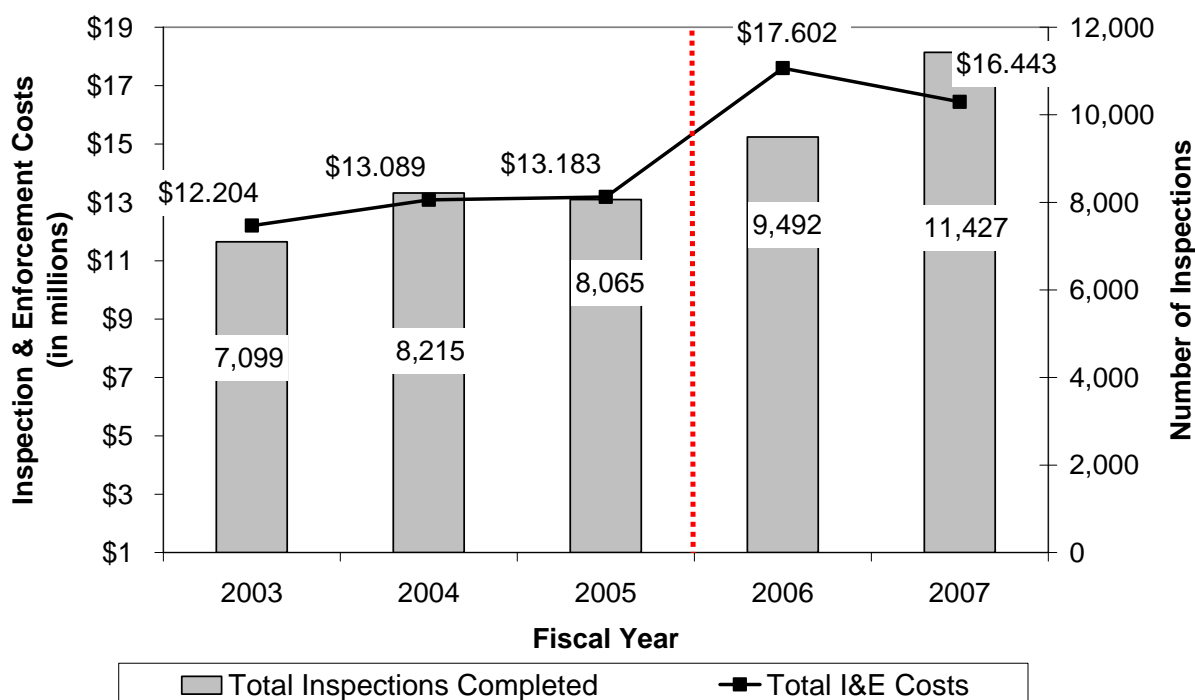


Notes:
 Source – BLM CBS and AFMSS

3.5.1.4 Inspection Costs

Coinciding with a significant increase in inspections, the overall inspection costs reflected in Figure 48 have decreased from \$17.6 million in FY06 to \$16.4 million in FY07. See Appendix 8, Figures 8-161 through 8-167 for this performance data for each pilot office.

Figure 48. Total Inspection & Enforcement Costs for All Pilot Offices



Notes:
Source – BLM CBS and AFMSS

3.6 OIL AND GAS PRODUCTION RESULTS

Has the Section 365 Pilot Project to Improve Federal Permit Coordination resulted in increased federal onshore oil and gas production? The Year Three Pilot Report to be submitted to Congress in FY08 must provide information to address this question. During late FY07, work was initiated to obtain federal onshore oil and gas production performance data from sources including the MMS and state oil and gas conservation commissions.

As an example of this data collection work in progress, Figure 49 illustrates the yearly incremental natural gas production for the Buffalo Pilot Office for 2000-2007. For wells that initiated first gas production during a specific calendar year, a production curve has been created to track the performance of that set of wells through time. The figure illustrates normal gas well production declines through time, in this case for CBNG producing wells in the Powder River Basin of Wyoming. Figure 50 illustrates yearly incremental oil production for the Buffalo Pilot Office.

The reader can readily determine whether oil and gas production has increased (or decreased) during the timeframe of the pilot. Similar data is provided for the Rawlins Pilot Office. It is important to note for the

figures below, that the production information depicted as examples are for all mineral estates (federal, state and private) within the Buffalo and Rawlins Pilot Offices. Work is underway to obtain only the federal estate production data.

The goal is to obtain similarly depicted data for the remaining five pilot offices for inclusion within the Year Three Pilot Report.

Notes for the following 4 figures:

Source – Wyoming Oil and Gas Conservation Commission Web Site

Figure 49. Yearly Incremental Natural Gas Production for the Buffalo Pilot Office

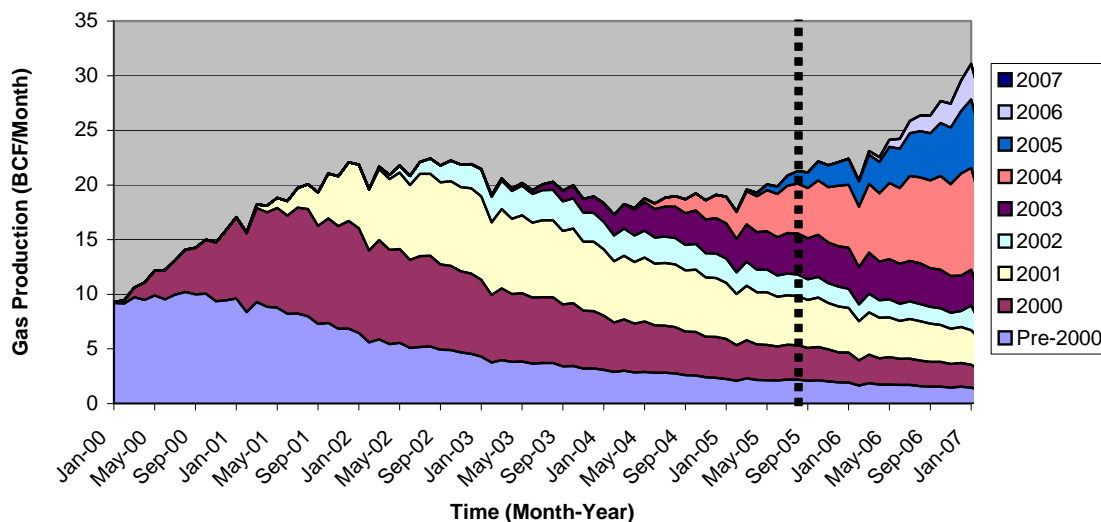


Figure 50. Yearly Incremental Oil Production for the Buffalo Pilot Office

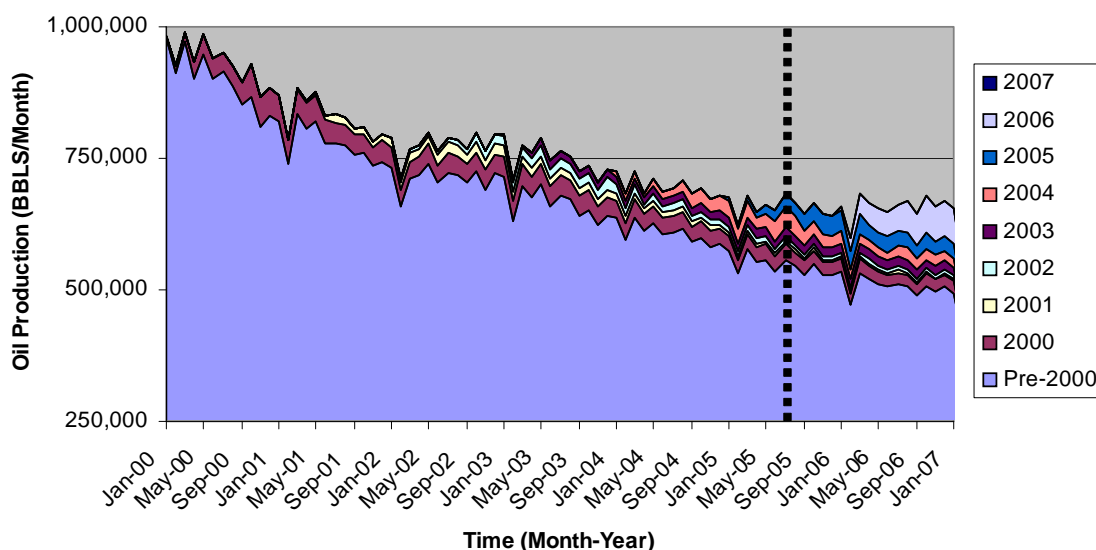


Figure 51. Yearly Incremental Natural Gas Production for the Rawlins Pilot Office

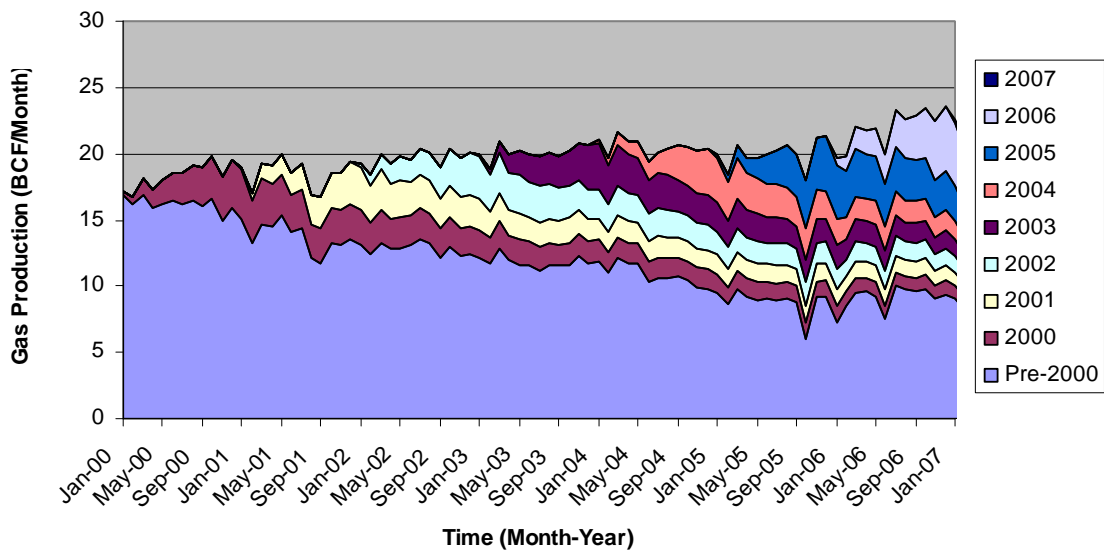
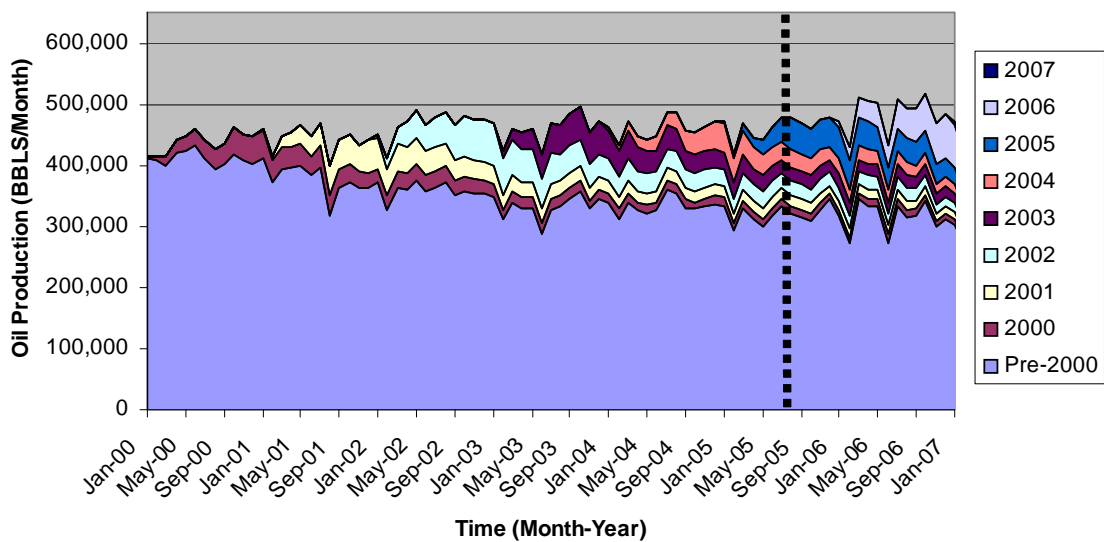


Figure 52. Yearly Incremental Oil Production for the Rawlins Pilot Office



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CHAPTER 4 PILOT INNOVATIONS

The pilot project offices have implemented the following innovative approaches:

- Bureau-level pilot project coordination on human resources
- Improvements to and greater use of comprehensive permit processing strategies with expanded use of project IDTs
- Improved support for stakeholder responsiveness
- Greater use of contract services
- Development and utilization of critical IT
- Improved environmental stewardship

4.1 PILOT COORDINATION ON HUMAN RESOURCES

To expedite the hiring of additional pilot office personnel identified during the first year, more efficient strategies were used to meet recruiting and training objectives.

BLM used Bureau-wide position recruiting for NRSs and PETs where the pilot offices established Bureau-wide position selection boards to review the nationwide list of applicants and decide how best to use the candidates among the pilot offices.

BLM used Bureau-wide position recruiting for NRSs and PETs where the pilot offices established Bureau-wide position selection boards to review the nationwide list of applicants and decide how best to use the candidates among the pilot offices. This process was determined to be a very effective and a time-efficient way of providing new staff resources to the respective pilot offices

Use of nationwide lists of qualified applicants during year two was much less effective because the vast majority of the qualified applicants on these lists were hired into the

pilot during year one. The remaining candidates on the year two lists were largely inexperienced or poorly qualified. This placed the pilot offices in the difficult position of not being able to fill the remainder of the vacant pilot positions with immediately effective staff.

In advance of the actual reporting of new personnel, BLM explored training opportunities, student capacity, and course scheduling and then initiated coordination with BLM's National Training Center (NTC) to provide necessary training resources prioritized specifically for the pilot office staffs. The pilot offices have supplemented the NTC training for new positions by conducting internal workshops, on-the-job mentoring, and similar local training approaches.

The pilot offices have used hiring and retention bonuses for obtaining and keeping qualified personnel. Using these bonuses has been determined to be of value. However, occasionally where the Industry job market provides higher salaries, bonuses are not as effective. In those cases, the pilot offices have used other means of obtaining necessary personnel, such as establishing temporary work details using personnel from adjacent nonpilot offices.

4.2 COMPREHENSIVE STRATEGIES

Pilot offices are taking necessary steps to work with local oil and gas operators and other federal and state surface management agencies to fully use the comprehensive drilling plan and geographic area NEPA analysis strategies. This effort has resulted in greater numbers of APD approvals and better management

of the resources entrusted to BLM and other surface management entities (SME). Pilot offices and Industry are using the following permit submission strategies as individual processes or in combination thereof:

- POD—multiple APD package with master drilling and surface use plan
- GAP
- Standard operation practice (SOP) agreement
- Geographic area NEPA.

The following describes the status of the use of the comprehensive strategies by various pilot offices.

4.2.1 Expanded Use of Interdisciplinary Teams

An IDT provides NEPA requirements input for new oil and gas projects. The IDT is composed of BLM personnel and other personnel from participating agencies, which may include the USFWS, USACE, state (e.g., SHPOs, Game and Fish Departments, DEQs, Oil and Gas Commissions), and County representatives, project proponent, and proponent's third-party NEPA contractor preparing the NEPA document. IDTs provide an early opportunity for other stakeholders (i.e., other federal and state agencies and the local counties) who have an interest in ongoing activities on BLM-managed lands to provide input into BLM's NEPA process.

The Vernal Pilot Office has implemented a change in its NEPA process for higher priority NEPA documents (i.e., EAs and EISs). Before implementing the current IDT process, the Vernal Pilot Office conducted weekly IDT meetings to 1) present new NEPA projects; 2) discuss the status of ongoing NEPA projects; and 3) garner IDT input into new NEPA projects. The end result was that no progress was made; therefore, the process was changed to focus on making progress on the priority NEPA projects. The NEPA coordinator(s) determines and schedules which projects will be reviewed at the weekly NEPA meeting. Those projects are made available for review at least 1 to 2 weeks before the meeting. (In the future, the SHPO will be involved in these meetings.) Having the project proponent and/or its third-party NEPA


For the Vernal Pilot Office, formal USFWS consultation response times have decreased considerably as a result of IDT involvement.

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Early IDT Input into Industry Project Plans

The Vernal Pilot Office has implemented a change in its NEPA process for high-priority NEPA documents (EAs and EISs). Before the implementation of the current IDT process, the Vernal Pilot Office conducted weekly IDT meetings to 1) present new NEPA projects, 2) discuss the status of ongoing NEPA projects, and 3) garner IDT input into new NEPA projects. This effort resulted in a time-consuming process for completing high-priority NEPA projects.

IDT meetings now include the participation of the project proponent and/or third-party NEPA contractors and USFWS personnel. This action allows the project proponent to agree to newly applied measures and adapt proposed actions based on IDT input. Engaging the project proponent at the initiation of the IDT's review of the project substantially streamlines the NEPA effort and related documentation. Formal USFWS consultation response times have decreased from 21 days to 12 days through active participation on the IDT.



contractor attend the meeting enables the proponent to commit to new applicant measures, or potentially change their proposed actions, based on issues or concerns affecting resource values that the IDT staff

raises. This effort streamlines NEPA's effort and documentation.

For Vernal, the formal USFWS consultation response times has decreased considerably as a result of its IDT involvement.

The Glenwood Springs Pilot Office holds NEPA meetings every 2 weeks with BLM and USFS IDT to discuss issues related to proposed actions. The office also holds quarterly meetings with its other agency partners to discuss the level of activity, coordination of successes and failures, areas needing improvement, and projected permitting needs.

The Glenwood Springs Pilot Office has used the increased staffing levels available under the pilot project to enable IDT members (i.e., wildlife biologist, ecologists, hydrologists, and geologists/paleontologists) to participate at a greater level in preconstruction onsite visits and post-construction inspections than historically possible in multiple use field offices. The additional staff resources have improved BLM's ability to identify possible environmental problems before they arise, work cooperatively with other agencies and operators to avoid or minimize those problems, and remedy any unanticipated problems.

During FY07, a second biologist was hired by the USFWS and assigned to the Energy Office, stationed in the Grand Junction USFWS office. The new position has resulted in improved formal and informal Section 7 consultations.

The Carlsbad Pilot office uses up-to-date NEPA data to enhance their weekly IDT meetings. BOR and USFWS participate in these NEPA meetings as liaisons.

4.2.2 Plans of Development

A POD is a multiple APD package submission format that includes a master drilling plan addressing two or more APDs that share a common 8-Point Drilling Program, 13-Point Surface Use Program, and plans for future production. A POD is prepared for a planned cluster of wells and facilities in proximity.

The POD process was originated 8 years ago in the Buffalo Pilot Office; since then, the Miles City and Rawlins pilot offices have adopted the POD process. These offices' pre-pilot implementations of the POD process provided a running start toward more efficient APD processing. The POD process was established to address the large volume of CBNG APDs as submitted by individual CBNG operators. These pilot offices have continued to improve the POD process through the following efforts:

- The creation and utilization of APD/POD data submission guidelines and associated data forms.
- For example, in the Buffalo Pilot Office, the average POD approval timeline was reduced from roughly 350 days to about 90 days when a complete POD submission is received.

In the Buffalo Pilot Office, the average POD approval timeline has been reduced from roughly 350 days to about 90 days when a complete POD submission is received.

BLM has established a pre-permitting process for Industry to present their proposed APDs/PODs in advance of official submittal. This allows BLM and Industry to meet and assess project impacts before conducting onsite field inspections. This process improves well and infrastructure planning and placement in difficult or sensitive areas, reduces the number of POD/APD deficiencies, and increases BLM's permit processing efficiency.

4.2.3 Geographic Area Plans

The GAP is a result of comprehensive development planning for a proposed or defined oil and gas field or other limited geographic area within a field. GAPs are used to evaluate proposed actions, environmental consequences, and mitigation measures for large, multi-year developments. The GAP process is also used to achieve compliance with NEPA through a single project approval process, eliminating the need for additional NEPA documentation during subsequent permitting actions. The oil and gas operator and BLM work together to establish a development strategy that meets BLM's environmental management needs and the company's economic needs.

The GAP process was originated 10 years ago in the Glenwood Springs Pilot Office as a comprehensive APD strategy. Since its implementation in Glenwood Springs, BLM has continued to refine and improve the GAP process—for example, using a single process to complete Federal Land Policy and Management Act of 1976 (FLPMA) and Mineral Leasing Act ROW grants located within the same area within a GAP (previously completed separately). The Vernal Pilot Office is now adopting the GAP process.

4.2.4 Standard Operating Practice Agreements

SOP agreements are written agreements between BLM and one or more oil and gas operators. SOP agreements identify practices that the operator(s) will use in conducting the 8-Point Drilling Program and 13-Point Surface Use Program for an entire oil and gas field or for a geologic formation. These agreements also may include practices necessary for managing production activities, including disposal of produced water, venting, flaring, tank batteries, pipelines, and compressor sites. SOP agreements typically are initiated and improved through the sundry notice process, stand-alone agreements, or agreement letters.

The SOP agreement process originated 10 years ago in the Vernal Pilot Office. Vernal is in the process of updating and automating existing SOP agreements to address new practices and procedures and to provide such automated data for surface management and I&E personnel.

4.2.5 Section 390 Categorical Exclusions

Section 390 of the Energy Policy Act of 2005 establishes statutory CXs, which can be used under NEPA and apply to five categories of oil and gas exploration and development on federal oil and gas leases (BLM WO IM No. 2005-247). The seven pilot offices are using the Section 390 CX process for APD and ROW processing.

When appropriate, the Glenwood Springs and Farmington pilot offices have maximized the use of CXs to accomplish NEPA requirement studies for various permit actions such as APDs, and as well as ROWs for pipelines, roads, and other facilities. In FY07, the use of these CXs has increased dramatically, but without sacrificing the quality of the environmental reviews, requirements, and policies that we now have in place to protect the environment. This effort has resulted in a more timely and efficient permitting and approval process. All specialists still review CX actions for appropriate BMPs and environmental protection adequacy.

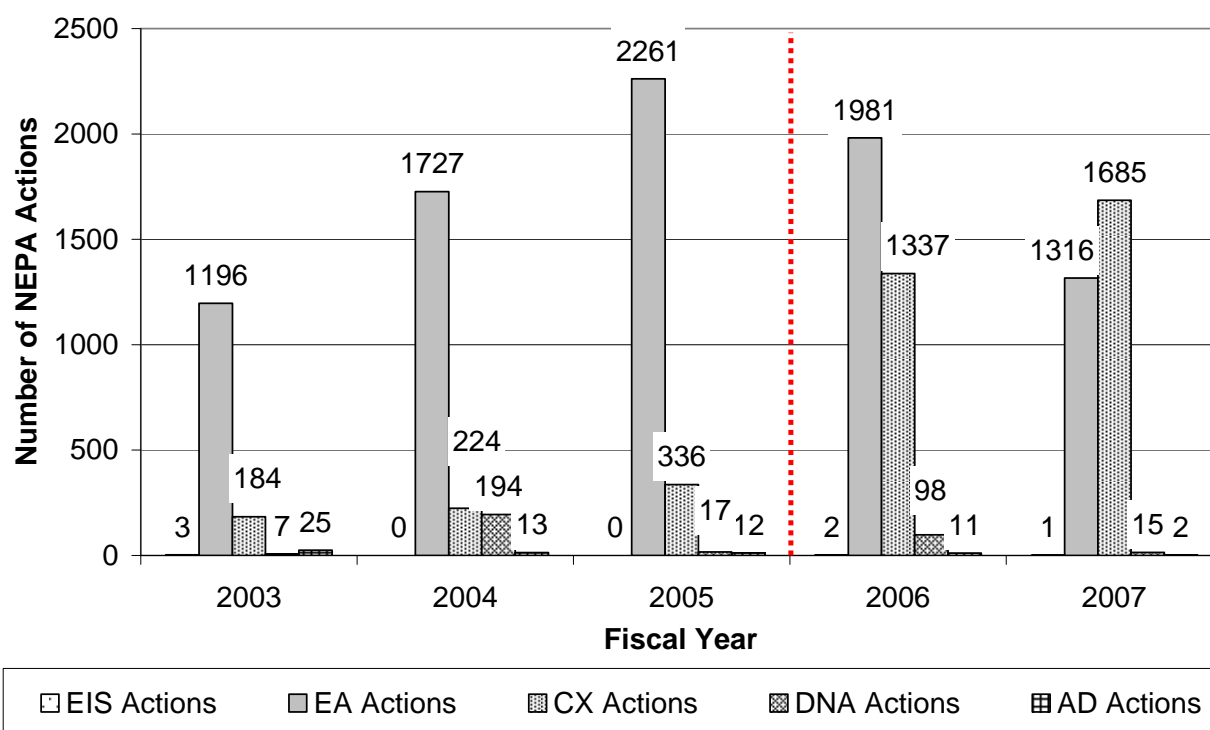
However, in the Carlsbad Pilot Office, CXs are not used as much as in other pilot offices. The predominate reason is that the Carlsbad RMP is more than 5 years old and does not meet the criteria for a Category 3 CX under Section 390. The Carlsbad office predominately uses the following Section 390 CXs:

- **Category 2**—Drilling an oil or gas well at a location or well pad site at which drilling has occurred previously within 5 years before the date of spudding the well.
- **Category 4**—Placing a pipeline in an approved ROW corridor as long as the corridor was approved within 5 years before placement date of the pipeline.

Because the Rawlins Pilot Office only recently began processing large, comprehensive minerals projects (PODs), the utility of 390 CXs has been minimal in approving proposals. While 390 CXs are useful for some subsequent facility permitting or actions, they currently do not result in anticipated efficiencies or time savings for POD approvals. A tiered EA has remained the most efficient tool for approving large and comprehensive projects.

Figure 53 depicts overall NEPA actions by NEPA type (e.g., EIS, EA, CX, DNA and AD actions) for all pilot offices from FY03 to FY07. Data for Vernal and Rawlins was unavailable. The extent to which Section 390 CXs have been utilized by the six other pilot offices during FY06 and FY07 is illustrated. In FY06, 1,337 CXs (the majority of which are Section 390 CXs) were utilized with the completion of 1,981 EAs. In FY07, 1,685 CXs were completed in association with 1,316 EAs. As a general observation, the number of EAs completed during FY07 dropped by 33 percent compared to FY 06, while the number of CXs increased by 26 percent for the same time frame.

Figure 53. Total NEPA Actions by NEPA Type for All Pilot Offices



4.2.6 Large Areal Extent (Block) Surveys for Cultural and Wildlife Resources

The pilot offices have used, to a large extent, Section 106 cultural and Section 7 wildlife block surveys to streamline resource protection reviews performed during oil and gas permitting. Examples are as follows:

- **Carlsbad Pilot Office**—has conducted a block cultural resource survey, referred to as the Pierce Canyon Project, on about 10 square miles southeast of Carlsbad. The purpose of the large block survey was to identify cultural sites, determine which sites needed to be protected and inventoried, and conduct a site data collection. Once the block survey was complete, future APDs within the survey boundary would not require additional cultural resource surveys. In addition, this project demonstrated the ability of seismic sample surveys to be accurate predictors of archaeological site density. Other pilot offices are using this cultural resource protection approach.
- **Farmington Pilot Office**—has not conducted block surveys for Cultural Resource use because of the high density of cultural sites in the area. Using these type of surveys would be impractical in high-density areas as the San Juan Basin.
- **Glenwood Springs Pilot Office**—no block surveys for T&E species have been conducted or contemplated. Cultural and paleontological surveys have been conducted for the approved GAPs. Block surveys for cultural and paleontological resources are also routinely included as part of the GAP process. The Glenwood Springs Office also established partnerships with other agencies and Industry to allow for year-round drilling studies in blocks of land with clustered development strategies that would otherwise be prohibited by winter timing limitation lease stipulations.
- **Rawlins Pilot Office**—participates with other federal and state agencies in the *Monitoring Without Borders* program. This program monitors wildlife species without respect to political boundaries and gathers information for mapping several types of wildlife habitat. As a result of the *Monitoring without Borders* collaboration, wildlife biologists determined that the population of mountain plover was higher than anticipated, which kept the species from being listed as a T&E species.
- **Buffalo Field Office**—has worked extensively with Industry to complete extensive wildlife surveys covering relatively large areas in a year or more in advance of planned CBNG project development areas. The Industry has recognized the importance of conducting such surveys early in a manner that helps them plan to avoid or mitigate impacts to identified wildlife habitat. In coordination with the colocated USFWS biologist, programmatic work has been completed for a number of species whereby BMPs have been established for use by the Industry as a critical component of their project development and completion work.

Section 3.2.2.1 provides additional details about Section 7 collaboration and Section 3.2.3.1 provides additional details about Section 106 collaboration.

4.3 IMPROVED RESPONSIVENESS TO STAKEHOLDERS

Pilot offices have been working aggressively to improve responsiveness to stakeholders in three areas: (1) providing operator pre-permit planning support to improve the quality of permit submissions to BLM, thereby saving BLM and Industry time and effort; (2) conducting more timely surface compliance monitoring when concerns or issues are identified; and (3) hosting periodic Industry outreach meetings, which provides permitting and compliance information, training, and a forum to identify and discuss issues.

Pilot offices have been working aggressively to improve responsiveness to stakeholders. This effort has taken the form of providing operator pre-permit planning support with the objective of improving the quality of permit submissions to BLM, thereby saving BLM and Industry time and effort.

4.3.1 Pre-permit Planning Support

Pilot offices have recognized the critical need to initiate early pre-permit resource protection and issue coordination work with operators to help effect good on-the-ground facility planning in a manner that will improve the quality of permit submissions (i.e., APDs, PODs, GAPs, and ROWs). Consequently, the pilot offices are—

- Working up to a year in advance of permit submissions with Industry on oil and gas developments through early coordination with pilot office IDTs.
- Increasing the number and type of team members who conduct onsite visits before permit submissions are sent to BLM, with the objective of identifying resource protection requirements as early as possible in the permitting process
- Conducting weekly NEPA review meetings and operator initial meetings (OIM), which facilitates continuous progress toward completing permit-related actions
- Developing operator permit submission guidelines to help make more complete, higher quality permit submissions.
- Conducting increased pre-permit planning with Industry which eliminates confusion in permitting processes and educates both Industry and BLM regarding coordination expectations, regulatory requirements, and revisions to those requirements.

Specific examples of pre-permit planning support are as follows:

- **Miles City Pilot Office**—established a process for Industry to present CBNG PODs to BLM staff before their official submittal, which is similar to the Notice of Staking process. This pilot office and Industry not only meet and assess POD layout in the office but also conduct pre-onsite field inspections. This type of outreach helps in well and infrastructure planning and placement in difficult or sensitive areas, reducing the number of POD/APD deficiencies and increasing BLM's permit processing efficiency. This process has begun to demonstrate the benefit in our existing, "infill" fields, where operators face new or difficult issues and situations.

The Carlsbad Pilot Office is holding planning meetings with oil and gas Industry and BLM specialists to sit down with GIS staff to identify the best possible locations for drilling that will have the least impact on the environment. This process also expedites the permitting process when the APD is submitted.

- **Glenwood Springs Pilot Office**—holds pre-planning meetings and onsite visits for GAP studies in support of multi-year project development planning. Many onsite visits can involve the IDT, as well as other agency participants, depending on the specific resources that have been identified as present and what resources could potentially be affected.
- **Buffalo, Rawlins, and Glenwood Springs Pilot Offices**—biologists can participate in Interagency Level 1 Streamlining Team meetings, which promote a consistent approach to common fish and wildlife trust resource issues that all federal natural resource agencies face. Level 1 Streamlining Team meetings, composed of BLM, USFS, USFWS, and NPS representatives and others, primarily address early planning of oil and gas projects. In Wyoming, four meetings held annually among three teams not only streamline the ESA consultation process

but also improve consistency between agencies and offices, thereby improving business processes and responsiveness to stakeholders. The application of Level 1 teams is being considered for potential use in other pilot offices.

- **Carlsbad Pilot Office**—is holding planning meetings with oil and gas Industry and BLM specialists where GIS is used to identify the best possible locations for drilling that will have the least impact on the environment. This process also expedites the permitting process when the APD is submitted. Carlsbad has recognized that adjacent operator oil and gas production infrastructure must be considered by a project proponent during the APD planning process.

4.3.2 Permitting Approval

In an effort to improve consistency between oil and gas permitting and ROW grants, the Rawlins Pilot Office is using the same terms and conditions that are similar to APD COAs to simplify ROWs for federal surface and state and private minerals. This use simplifies and standardizes the process for the Industry.

All standard COAs were consolidated, reorganized, and placed into a more user-friendly template for operator field staff. Rawlins Pilot Office, operators, and consultants are creating geospatial reporting requirements that would represent “one-stop shopping” in terms of operator annual reporting requirements.

As a result of increased staffing at the Rawlins Pilot Office, staff specialists can attend onsite, and actions typically can be approved and authorized more efficiently. These efforts have improved the responsiveness to Industry and/or stakeholders.

4.3.3 Inspection and Enforcement Support

The Rawlins Pilot Office added to its Web page electronic means as well as a dedicated call line for operators to notify PETs of inspection activities for all required notifications such as spuds, blow-out prevention equipment, (BOPE)s construction, and startup. The use of the one-call phone reporting line was fully implemented for operators to report PET inspection activities. This action eliminated the problem of oil and gas companies having to search for whom to notify while reducing overtime and allowing improved tracking of operator notification actions. This implementation of online Web site for oil and gas activity information and forum submission and the dedicated call line had greatly reduced staff time spent on filing, taking reports, and improving record keeping. This Web site has now been adapted by several field offices.

During the fiscal year, the Carlsbad Pilot Office established a PET staff under a single supervisor for consistency, and an environmental compliance staff under a single supervisor. Together, the I&E and environmental protection staff are reorganizing to better tackle surface compliance, addressing past problems and current practices.

4.3.4 Surface Compliance Monitoring

FOGRMA requires that the BLM’s I&E strategy include annual inspections of high-productivity wells, wells in which operators have a history of non-compliance, and that all wells (including low-priority wells) be inspected every three years. As a result of not having an adequate number of PETs, low productivity (low-inspection priority) wells are inspected less frequently than high-priority wells. Also, if wells pose environmental, health, and safety concerns to the public, they should be rated as a high priority, such as low-volume wells, especially when located in urban interface areas.

In late 2005, Farmington implemented a new inspection strategy to address deficiencies between conducting annual high-priority inspections and rarely occurring low-priority inspections. The new inspection strategy balances FOGRMA high- and low-priority inspections, ensuring that all 20,000 wells are inspected within a 3-year period while maintaining oversight on high-volume production.

SHOWCASE

New Inspection Strategy



In late 2005, the Farmington Pilot Office implemented a new inspection strategy to address the deficiencies between conducting annual high-priority inspections and the rarely occurring low-priority inspections. The new inspection strategy balances FOGRMA high- and low-priority inspections, ensuring that all 20,000 wells are inspected within a 3-year period while maintaining oversight on high-volume production.

These efforts ensure that BLM inspections are performed on low-volume wells, especially in urban interface areas where environmental, health, and safety concerns may exist for the public. The strategy has established a working partnership with NMOCD to eliminate duplication of efforts and share common inspection goals.

The number of overall inspections has substantially increased since this strategy was implemented, totaling more than 3,000 inspections in FY06, which included nearly 6,000 wells. Environmental inspections dramatically rose as a result of not only increased staff but also a greater awareness of the environmental issues associated with oil and gas development in the San Juan Basin. The number of INCs also increased, which

can be attributed to inspections of lower priority wells that lacked inspections in the past.

Farmington has established a surface compliance inspection team. This team has devised a strategy for performing surface compliance inspections before, during, and after *every* surface-disturbing action occurring within its pilot office. As a result of this aggressive on-the-ground monitoring, Farmington has identified numerous problems and/or violations associated with practices of operator contract personnel.

- For example, during well pad construction, new dirt contractors or inexperienced personnel with existing dirt contractors may unknowingly cause damage to other resources because of their unfamiliarity with BLM surface management practices.
- Farmington has determined that if surface compliance staff members are onsite during these activities, BLM is in an immediate position to identify and correct problems as they occur. Previously, surface compliance monitoring was conducted usually after the completion of surface-disturbing activities, when environmental damage has already occurred.

To mitigate the spread of noxious and invasive weed species as a result of surface-disturbing activities, the Carlsbad Pilot Office has developed an MOU in partnership with Industry. This MOU provides a mechanism whereby oil and gas companies may financially contribute to a fund to treat oil field roads and pads where weed infestation is occurring.

The Glenwood Springs Energy Office has made new construction associated with APDs their highest priority environmental inspection item through their I&E strategy. This effort has directed their enhanced inspection capability to focus on this critical phase of development and helps assure compliance associated with the construction phase of projects.

The Energy Office also has increased the environmental inspections and enforcement of ongoing operations in the field. Roughly 150 locations involving more than 400 federal wells that had not been inspected in the past 3 years were inspected in FY07. Violations were noted, and order letters and INCs were issued to ensure that operators would take corrective actions. This effort benefited the public (because much activity is in the urban interface), the environmental community, and operators themselves. Taking timely corrective action affords the operators a chance to correct minor violations before they become major violations.

The Carlsbad Pilot Office, using only a partially recruited surface compliance staff, has been able to monitor more than 1,100 plugged well locations to determine if they are acceptable for final abandonment authorization. One-third of these well locations have been deemed adequately reclaimed and therefore administratively closed. Others need additional reclamation work and continued BLM monitoring. To ensure compliance with the APD, the Carlsbad Pilot Office has placed special emphasis on ensuring that BLM personnel are present during preconstruction, post-drilling, and final well pad reclamation.

To mitigate the spread of noxious and invasive weed species as a result of surface-disturbing activities, the Carlsbad Pilot Office has developed an MOU in partnership with Industry. This MOU provides a mechanism whereby oil and gas companies may financially contribute to a fund to treat oil field roads and pads where weed infestation is occurring.

At the Rawlins Pilot Office, pilot office programs successfully funded a 6-month intern position for a surface compliance technician. A University of Wyoming student (via a Grants.gov Assistance Agreement) has initiated work on roughly 250 surface compliance inspections in the Rawlins Pilot Office during FY07 and will continue into FY08. Otherwise, existing staff would not have been able to complete these inspections.

The Rawlins Pilot Office created a spreadsheet containing all environmental problems, along with the corrective actions that would be needed to bring those problems, respectively, into compliance. Even though all inspections are formally entered into AFMSS, operators are sharing this work. Inspections and compliance responses, along with digital photos, may be submitted by e-mail. This effort has greatly reduced the paperwork associated with compliance actions for the Rawlins Pilot Office and operators, has contributed to a higher degree of immediate compliance actions, and has established trust between BLM and the operators. If an operator does not respond to such performance-based communications, formal compliance actions are initiated.

4.4 CONTRACTED SUPPORT SERVICES

In the Buffalo, Glenwood and Vernal pilot offices, BLM has determined that the use of contract services has resulted in improved permitting and compliance processing. Contract services include support for environmental services and documentation, resource inventories, assessment of operator compliance, IT support, and other administrative functions (e.g., support for environmental justice).

BLM has determined that the use of contract services has resulted in improved permitting and compliance processing support.

The pilot offices agree that continued or expanded use of contractor support services is an important tool to allow BLM to meet increased workloads. In a limited number of offices, Industry has funded contract services for BLM where needed. Note that contract service personnel have no delegated authority from BLM to render decisions of approval or authorization of operator actions associated with BLM

regulations and orders. Rather, contract personnel provide their analyses or findings to the authorized BLM officers for subsequent action.

4.5 APPLICATION OF INFORMATION TECHNOLOGY

The pilot project offices have employed various IT tools to support more efficient permit workload and status tracking; greater automation of major business processes; increased use of GIS capabilities and data; establishment of improved field mobile computing; and finally, the direct use of or system interfacing to state government Internet database systems.

4.5.1 Permit and Project Status Tracking

In 1997, BLM deployed AFMSS to 31 oil and gas field offices. AFMSS was designed to support well permitting, reporting, approval status tracking, and I&E processes. AFMSS has yet to be specifically enhanced to support multiple-well project level permitting (PODs and GAPS) or the use of SOP documents. Compounding the lack of these important capabilities, pilot offices have been unable to use AFMSS during numerous shutdowns associated with the Cobell lawsuit. Consequently, the pilot offices have developed permit and project tracking systems to address these shortcomings and to process permits more efficiently than by using manual methods. The following are examples of permit and project tracking systems that the pilot offices have developed.

In the Carlsbad Pilot Office, an APD tracking database and NEPA database, created using Microsoft Access™, are used for tracking the permitting process. These databases—

- Automatically calculate due dates
- Create automated letters
- Automatically notify specialists of NEPA reviews required
- Calculate processing times
- Allow specialists to review projects electronically rather than through a paper trail
- Provide reminders
- Immediately provide the status of projects
- Help adjudication staff manage their workload
- Provide data for outreach to customers
- Assist with data calls
- Provide workload management through reports.

In FY07, these databases and a Realty and Archaeology Microsoft Access database were all linked to GIS to provide personnel with a better tool for reviews, planning efforts, and inspections.

The Glenwood Springs Pilot Office has created several tracking systems to augment what AFMSS does not track, such as a spreadsheet to track numerous permits requiring interagency coordination, the permit type, the NEPA document type, and the elapsed time to complete the review. This spreadsheet tracks the total number of NEPA documents, number and types of permits they address, and amount of time required for completing the documents. A second spreadsheet was created to track the number of outreach meetings conducted, number of permits where pre-planning and pre-permit/application support is conducted, and number of decision appeals completed.

The Glenwood Springs Pilot Office uses an informal “working matrix” for a meeting every 2 weeks with the entire NEPA team to share information about project status, due dates, and problems encountered. These meetings enable the team to minimize schedule conflicts, monitor progress toward target completion dates, and identify solutions to any technical or administrative issues.

The pilot offices have also developed the following:

- An Access™ database for tracking NEPA documents, start and completion dates, NEPA lead, NEPA number, and permit type (Glenwood Springs).
- Excel™ spreadsheets that expedite the workload of LIEs, LLEs, and PATs in processing and tracking APDs (Glenwood Springs)
- Microsoft Access™ databases that support the tracking of APDs, sundry notices, inspections, and INCs (Farmington)
- A Microsoft Access™ database that links the Legacy Rehost 2000 (LR2000) (lease/agreement/ROW) to APD information (Rawlins)
- A Microsoft Access database that comprehensively tracks status and process (including all specialist reviews) of NOS, APD, and ROW actions. The database allows for reporting on any combination of personnel, process, and/or date attributes (Rawlins).
- A POD tracking system that indicates the amount of time required for conducting interagency consultation and actual operator response times for submission of permit data (Buffalo)
- A rig tracker system that tracks drilling rigs and their equipment configurations (Buffalo).

The Rawlins Pilot Office has greatly improved its ability to share information electronically via the creation of shared drives and common project information locations. In light of the above, Rawlins has utilized digital distribution of project-related information to internal staff. Existing Access databases were significantly reprogrammed to create new data tracking capabilities as well as reporting structures that are more conducive to process and status monitoring.

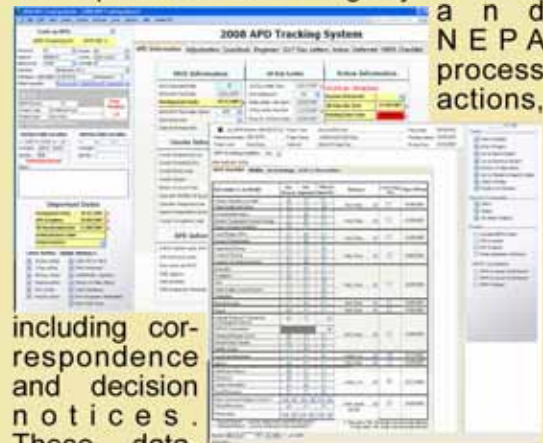
SHOWCASE

Entire APD and NEPA Process Automation

The Carlsbad Pilot Office developed four tracking systems that expedite the review and processing of APDs and other energy-related projects. These GIS- and Microsoft Access-based tracking systems have been developed internally within the Carlsbad Pilot Office without additional contracting.

The databases provide a NEPA log, APD process log, ROW process log, archaeological process log, digital conflict map, and reports on outstanding adjudication

and NEPA process actions,



including correspondence and decision notices.

These databases eliminate all APD and NEPA manual record processing and provide a consistent user interface for Carlsbad (internal) and other BLM users (external).

These databases are providing improved reliability and timeliness, enabling permit applicants and BLM adjudication staff to better prioritize and manage their workload through automated processes. Electronically generated due dates, letters, and reports allow specialists to perform their project reviews concurrently rather than routing paperwork from specialist to specialist. Future enhancements would include the stakeholders' ability to access the data through Web sites, for example, allowing them to view online the status of their project in real time.

Rawlins Pilot Office also uses a RIG tracker system that allows user updates to track P&A jobs and other inspection activities and goals in a consistent and timely manner.

The Rawlins Pilot Office added to its Web page electronic means and a dedicated call line for operators to notify PETs of inspection activities for all required notifications such as spuds, BOPEs, construction, and startup. The use of the one-call phone reporting line has been fully implemented for operators to report PET inspection activities. This effort has eliminated the problem of oil and gas companies having to search for individuals to notify while reducing overtime and tracking activities better. This implementation of the online Web site for oil and gas activity information/forum submission and the dedicated call line had greatly reduced the time that staff has spent on filing, taking reports, and improving recordkeeping. Several field offices have now adapted the Web site.

Archeologists (Miles City) are using an Excel™ spreadsheet to track current consultation with the SHPO.

4.5.2 Business Process Automation

Pilot offices have gained substantial insight on the need for IT to support entire business process workflows for permitting and inspection. Automated capabilities identified include fully electronic well/project permit submission and permit process status checking by the Industry, complete automation of the NEPA analysis process using decision support tools, complete automation of the Section 106 cultural processes, and deployment of field-capable mobile computing technology to support field inspection and compliance monitoring activities.

Electronic Permitting

The pilot offices and Industry have expressed a strong need for access to and enhancement of BLM's prior electronic well permitting submission capabilities, subsequent operator electronic access to check the approval or processing status of submitted permit/project requests, and the electronic forwarding of the approved permit by BLM field offices.

The AFMSS/Well Information System (AFMSS/WIS) has provided an initial set of electronic permitting capabilities to BLM field offices starting in 1999. It was BLM's first electronic permitting capability and was a very quiet success. For its first five full years (FY00 to FY04), the percentage of well permits and reports that Industry electronically submitted to BLM using AFMSS/WIS ranged from 6 percent the first year (FY00) to 26 percent in FY04.

As a result of trust litigation constraints, the AFMSS/WIS electronic commerce (EC) system has been unavailable to the BLM oil and gas field offices over the past 3 years. As illustrated above, the use of BLM's electronic commerce capabilities by the Industry was growing at a rapid rate before being shut down. In some of BLM's larger oil and gas processing offices, such as Vernal, Farmington and Pinedale, Industry was submitting approximately 50 percent their APDs and sundry notices electronically.

Interest in electronic permitting has been expressed during operator outreach meetings and workshops. BLM initiated electronic permitting in 1999 and after four years, 26 percent of all BLM APD and well sundry permits were submitted electronically before the Cobell Internet shut-down.

Now that BLM's electronic permitting is online again, operators have started taking advantage of it and usage is rapidly growing. The Carlsbad adjudication staff has seen a reduction in well permit processing times.

The seven pilot offices which support 70 percent of BLM's well permit processing workload has had to processes *all* permits (APDs and sundry notices) using prior labor-intensive manual paper-based means during the first two years of the pilot project because of the Cobell litigation.

In August of this year, the BLM oil and gas program received approval to restore the AFMSS/WIS EC system online. The current EC capabilities provide four Web site-based electronic permit/report forms including the NOS, APD, well completion report and sundry notice forms which are completed online by the Industry at http://www.blm.gov/wo/st/en/prog/energy/oil_and_gas/WIS.html. The operator or permit agent can attach permit related documentation to any of the four standard forms. Once a permit/report submission is completed, the operator can check the approval status of the permit online. When the permit is approved by BLM, the system electronically notifies the operator with the approved permit forwarded in an Adobe PDF file format.

Interest in the availability of electronic commerce has been continuously expressed during a number of operator outreach meetings and workshops. Now that it is available, some operators have begun taking advantage of it, and usage is increasing. The Carlsbad adjudication staff has noticed a reduction in APD processing times since the system was brought back online.

On Wednesday, March 7, 2007 BLM published in the *Federal Register* the Final Rule describing Onshore Oil and Gas Operations; Federal and Indian Oil and Gas Leases; Onshore Order Number 1, Approval of Operations.

The new Onshore Order Number 1 has established the requirement that a complete APD must be submitted to BLM to allow the processing and approval of the proposed operator's action. The definition of a complete APD now includes the requirement that the operator must submit a well plat and a geospatial database which contains the geographic location and information pertaining to the plat surveyor for the proposed well. The Onshore Order also establishes an option whereby an operator may submit map information provided in support of the SUPO in a geospatial database format to BLM to assist in the processing of the APD.

As a BLM regulatory requirement, the new Onshore Order No. 1 establishes an entirely new requirement to support the electronic submission of APD geospatially-based data records.

BLM must provide adequate means for the mandatory submission of APD well plat and the associated geospatial database information that supports the needs of small, medium and large operators as well as their designated permit agents or contractors. Such means should be flexible to allow both manual and automated submission of the required and optional geospatial information for single and/or multiple well drilling permit/project actions. It is the policy of the BLM Washington Office to ensure the establishment and conformance to standardized well permit/report data information and permit business processing as required by Federal Regulation and BLM Onshore Orders.

BLM's AFMSS/WIS platform now needs to be enhanced in a manner that interfaces with BLM's ArcGIS enterprise-level GIS architecture to support the Onshore Order process workflows. The Buffalo and Rawlins Pilot Offices have expressed a critical need for the AFMSS/WIS platform to support the electronic submission of project-level permit submissions (e.g., PODs, GAPs). These two pilot offices as well as the Glenwood Springs Pilot Office are now accepting the submission of GIS-based data which supports the Onshore Order content requirements for POD/GAP SUPO. Since the order encompasses the submission of SUPO content to the USFS, the USFS is also a participant in this work.

A BLM Onshore Order Number 1, Geospatial Database Implementation Guideline development team has recently been created and is working with Industry representatives to achieve the requirements of the Order.

NEPA Decision Support Systems

The Buffalo Pilot Office has now completed full automation of the NEPA analysis process using software contractor resources. In addition to supporting NEPA analysis and documentation (e.g., EA, CX, and Finding of No Significant Impact [FONSI]) generation, the system supports cumulative impact and COA tracking and monitoring. The Rawlins Pilot Office has participated in developing the system and is planning to use it after the completion of initial system testing and acceptance. USFS Region 2, through the Douglas Ranger District in Douglas, Wyoming, is planning to use the Buffalo Pilot Office NEPA software and has obtained additional funding to support this endeavor.

A negative effect on productivity, as a result of employee turnover, has limited the Buffalo Pilot Office's ability to implement an APD/POD/ROW NEPA analysis streamlining system, called the NEPA CISCoAT database tracking system (developed by Premier Data Services, Denver, Colorado). Available staff resources are committed to achieving permitting targets at the expense of testing and implementing the new automated system, which would otherwise save considerable time and effort.

The Glenwood Springs Pilot Office has fully automated the NEPA analysis process. Various software (e.g., word processors, image software, and GIS) are all automated tools used to complete the NEPA analysis and documents. For tracking purposes, information from the USFS NEPA documents are entered into the BLM NEPA log.

The Carlsbad Pilot Office implemented two tracking systems to expedite the review and processing of APDs and other energy-related projects in meeting the requirements of the Energy Policy Act of 2005. These tracking systems, based on the GIS and Microsoft Access, have been developed internally within the Carlsbad Pilot Office without additional contracting. The database components incorporate the NEPA log, APD processes and log, ROW process and log, archaeological processes and log, digital conflict map and reports on outstanding elements of the adjudication, and NEPA processes, including all correspondence and decision notifications. These databases and processes eliminate all paper elements of the APD and NEPA processes and provide a consistent interface for users inside and outside the office. The databases enable project leads and adjudication staff to better prioritize and manage their workload through automated due dates, letters, and reports and allow specialists to perform their project reviews concurrently rather than routing paperwork from specialist to specialist. Future enhancements would enable stakeholders to access the data through Web sites (e.g., allowing them to view online their project status in real time).

Section 106 Process Automation

In 2003, DOE, under the PUMP III program, provided a project grant to BLM New Mexico and BLM Wyoming, and the SHPOs of New Mexico and Wyoming to develop two automated cultural resources business process systems. The first system that is now in use, CRISP, allows an oil and gas operator to query spatially (map) depicted data using GIS technology for a designated project area, a listing of existing cultural surveys, known national historic sites, and predictive indicators of potential buried sites. This system saves Industry time and resources by leveraging previous surveys and conducting new surveys only where needed. BLM New Mexico, BLM Wyoming, and Industry are using CRISP.

The second system, CRMTracker, was developed to fully automate the submission of completed cultural survey reports to BLM and forwarding of these reports to the respective SHPOs as necessary. BLM

Wyoming is using CRMTracker statewide. The Buffalo, Rawlins, and Farmington pilot offices recognize these technologies as having considerable potential to substantially improve the efficiency of the current cultural review process. See the pilot project Showcase example description in 3.2.3.1.

Field Mobile Computing to Support Surface Compliance and I&E

In all pilot offices, the surface compliance and I&E personnel expressed a strong desire for field-capable mobile computing technology to fully automate the surface management and I&E inspection processes. From 2003 to 2004, the BLM oil and gas program completed a bureau-level AFMSS portable field inspection (PFI) pilot project using laptop and convertible tablet PCs (nonruggedized and ruggedized). Buffalo, Miles City, Vernal, Farmington, Carlsbad (Hobbs), and Meeker PET personnel participated by identifying field computing requirements and conducting actual field use testing. It was determined that nearly 51 percent of the time spent conducting drilling inspections could be saved by using technology.

Field inspectors spent considerably more time in the field conducting inspections and much less time in the office completing paperwork. The BLM Washington Office transferred the completed pilot project to

Piloting of I&E field mobile ruggedized computer hardware and inspection software has previously determined that over 50 percent of the time spent preparing for and documenting onsite drilling inspections can be saved through the use of this labor saving technology.

BLM's Land and Resources Project Office (LRPO) for implementation. The pilot offices have expressed a desire to restart and expand the mobile computing project to support other inspection types, thereby greatly improving field inspection efficiency and documentation quality.

During FY07, Section 365 Pilot funding was provided by the BLM Washington Office, to obtain the field inspection mobile computing hardware for the pilot offices. Funding of \$220K supported the procurement of 46 ruggedized Panasonic Toughbook convertible laptop/tablet computers this as well as for LRPO project support activities. The

AFMSS Inspection Handheld software which supports the drilling inspection and INC generation processes has recently been deployed to pilot office I&E personnel. The result of this effort will be a report depicting any I&E business process efficiency and work quality improvements occurring in the Pilot Offices.

In a similar manner as for the drilling inspection process, a relatively inexpensive GIS-based field inspection software system has recently been identified by BLM Wyoming that can fully support mobile field inspection and mapping capabilities for BLM surface management and compliance inspections. The technology was utilized over a single week to automate one of BLM's three oil and gas surface inspection (Interim Reclamation) forms enabled with GIS feature level mapping, digital photo, and GPS coordinate integration for each inspection item. This technology has considerable potential to fully replace the BLM in-house developed custom code-based AFMSS Inspection Handheld software using inexpensive Commercial Off-the-Shelf (COTS) technology. The software is currently in use by the Industry in support of pipeline maintenance operations and with the USDA. The pilot offices have been briefed on the technology and are interested in utilizing it to support the large workload of BLM environmental inspections. A small amount of pilot funding is needed to move forward with the project.

I&E Remote Well Production Data Acquisition Project

During FY-2007, Section 365 Pilot funding was set aside to obtain an electronic Web site service for remote data acquisition for well production (RDAWP) for the pilot offices. Project funding included \$250K for RDAWP data subscription services, and LRPO project support activities.

The project enables BLM pilot offices to access in near real-time current well production and operating status information leveraging an operator's existing well and production equipment system control and data access (SCADA) system. A contract service provider works with a willing operator to obtain well production information directly from the operator's computer networks, thereby allowing BLM I&E personnel to monitor in near real-time the producing status and production volumes of federal wells. Such information is compared with the reported production volumes submitted to MMS to complete production verification inspections. The result of this effort will be a report depicting any I&E business process efficiency and work quality improvements occurring in the pilot offices.

The Glenwood Springs Energy Office is participating in the RDAWP project. EnCana is participating with the Energy Office and has designated a small production area (50 producing wells) for this experimental program. The Energy Office will install and test the software as data is received from Encana and will work with the contractor to debug and improve the software to meet our needs. Industry will welcome this system only if it results in reduced paperwork. BLM will welcome this system if the software can be tweaked to enable BLM to be more effective in its production audits.

The Farmington pilot office has collaborated with BP in the RDAWP project in the past and is working to do the same under the current project funding. The Rawlins and Buffalo Pilot Offices have expressed interest in participating within the project and are working to locate willing operators.

I&E Customer Service One Call

The Rawlins Pilot Office use of the one-call phone reporting line has been fully implemented for operators to report PET inspection activities. This action has eliminated the problem of oil and gas companies having to search for individuals to notify while reducing our overtime and tracking activities better. The Rawlins Pilot Office had implemented an online Web site for oil and gas activity information and forum submission, greatly reducing staff time spent on filing, taking reports, and improving recordkeeping. This Web site had now been adapted by several field offices.

4.5.3 Geographic Information Systems

All pilot offices are applying GIS technology to varying degrees to support permitting. The majority of offices are using GIS data in advanced ways to support their work daily. Examples are as follows:

Project Pre-Planning to Minimize Environmental Impacts

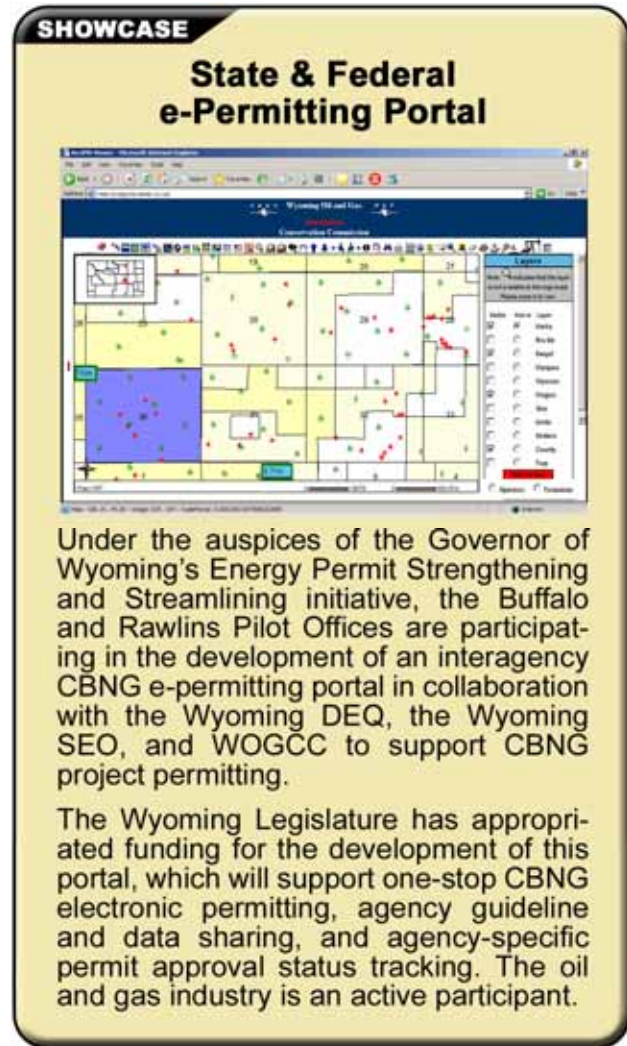
- Publishing BLM resource, lease stipulation, and land status GIS-based information on CD-ROM for Industry to use to improve the quality of permit submissions and minimize resource conflicts (e.g., oil and gas, potash development conflicts) (Carlsbad).
- Southeast New Mexico is considered an aging oil producing province, where infill well drilling is increasing. BLM and Industry are saving time by pre-planning and using GIS as a tool in the process. Location COAs and other restrictions or issues can be viewed, discussed, and resolved using GIS without stepping on the ground. APDs are more likely to be approved quicker once submitted. Some oil and gas operators are now using GIS as a planning tool in their offices (Carlsbad).
- GIS is now used as a routine tool in planning. GIS staff worked with individual resources to construct a user-friendly GIS tool that allows access to all resource data. By maximizing current GIS technology, these BLM GIS tools have been packaged into a format that also enables outside entities to use and view appropriate GIS data (e.g., special management areas, areas of critical

concern, stipulated areas), and RMP documentation through GIS before project submittal (Carlsbad).

- Providing lease stipulation GIS coverages for hosting on the WOGCC map server for use by Industry (Buffalo).
- Preparing a Cultural Landscape Overview (Class I) using cultural specialists to expedite the APD process. The project will allow BLM cultural specialists to make better and more rapid determination of project cultural resource inventory requirements from existing cultural survey and cultural site GIS coverages. It is eventually planned to allow BLM permit holders access to eliminate delays in completing required file searches (Miles City).
- Using aerial photography and GIS to map and classify the amount and quality of potential sage-grouse habitat to assist in permit processing within the Cedar Creek Anticline (Miles City).
- Actively began to input archaeological information into a GIS format to eliminate the long-term physical degradation of paper maps in May 2005. Once in GIS the data can then be used to create a specialized GIS program for the archaeologists. This specialized GIS program will allow the archaeologist the ability to interact with current databases, integrate GPS data, and maintain ability to access information from several different resources into one computer platform. The system will maintain an all digital environment in which all new data will be inputted into the system as new data is received. Once all historical information is in the GIS, Carlsbad Pilot Office archaeologists and GIS specialists will be able to maintain and update a working archaeological GIS system. (Carlsbad)
- Using the GIS capabilities within the SHPO CRMTracker and CRISP GIS tools (Buffalo, Rawlins, and Farmington).

GIS-based Electronic Permitting Collaboration

- Requesting operators to electronically submit most of their proposed project information depicted as GIS coverages (Glenwood Springs).
- Discussing the possibility of using ESRI's ArcIMS software (Web-based GIS mapping) in a manner that would allow operators to digitize proposed permit infrastructure online in real time or through the uploading of existing GIS files to BLM for subsequent processing (Farmington).



- Under the auspices of the Governor of Wyoming’s Energy Permit Strengthening and Streamlining initiative, developing an interagency GIS-based data sharing prototype as a cooperative effort among the Wyoming DEQ, Wyoming SEO, WOGCC, and Buffalo Pilot Office to support CBNG project permitting. The Wyoming legislature appropriated \$1.8 million toward developing an interagency Web-based CBNG e-permitting portal (Buffalo and Rawlins).
- Consolidated, reorganized, and placed all standard COAs into a more user-friendly template for operator field staff. Operators and consultants are working with BLM to create geospatial reporting requirements which, under the auspices of Onshore Order #1, would represent “one-stop shopping” in terms of operator annual reporting requirements (Rawlins and Buffalo).

NEPA Decision Support for Well/Project Permitting

- Using digital cameras with GPS capabilities to integrate field data (paleontological resources, T&E plants, and other items of interests) into the BLM GIS dataset. The pilot office uses the BLM GIS dataset, the COGCC dataset, and PI Dwight’s digital data on CD ROM to help in the NEPA analysis and for document preparation (Glenwood Springs).
- Developing GIS tools to facilitate the ROW processing and NEPA processes. GIS staff in Vernal developed a GIS routine for use in ArcMap that will provide a description of a linear feature ROW proposal (i.e., road or pipeline) that could be used to describe the lands offered in the ROW grant at the 40-acre or lot level description (Vernal).
- Developed a GIS application that supports NEPA document preparation that will provide an Excel report of what resource values (that are selected) intersect with a proposed action that could be a point, linear feature, or polygon feature. Although this may not resolve what resource values need to be addressed in a NEPA document, it should help focus specialist’s time on what needs to be examined or collaborate in a report format what resources BLM considered in preparing the NEPA document (Vernal).
- Using GPS systems to locate and identify well locations has greatly reduced field time searching for improperly identified wells in remote locations. Rawlins Pilot Office Fluid minerals have worked extensively internally with the GIS staff to initiate the creation of geospatial database layers to be utilized in NEPA analysis of APD proposals. Similarly, the Rawlins Pilot Office is working in conjunction with operators and independent contractors to assure streamlined attributes to be reported by Industry, regardless of EIS area, project type, and the like (Rawlins).

GIS Desktop Capabilities to Support Internal Needs

- Maximized GIS capabilities, specialists have been able to develop and use specialized systems to automate lease parcel reviews for quarterly lease sales, use GIS tools for creating PODs, enable users to view project information (APD, ROW) in conjunction with other data, and develop tools for outside entities for planning of future projects (Carlsbad).
- Designed and established a resource-based GIS planning document for analyzing project workflow, identifying existing data and data needs, establishing resource GIS goals, and designing an integrated GIS that will aid specialists in the BLM review process (Carlsbad).
- Inputted historical ROW information into GIS throughout the state of New Mexico in 2004. Using STEP, two teams of students from New Mexico State University (Las Cruces and Carlsbad campuses) were created and trained to input large amounts of data. In several months, the team located in Las Cruces completed ROWs for the entire state, with the exception of Carlsbad. As a result of the number of actions Carlsbad generates, it was decided that the movement of large

amounts of files from Carlsbad to Las Cruces was inappropriate. Since the project has begun, students in Carlsbad have inputted more than 8,500 of the 15,000 existing ROWs. Carlsbad Pilot Office also employs four local college students.

- Using commercially developed ArcGIS technology to allow field staff to easily generate up-to-date oil and gas field maps with a few mouse clicks (Buffalo).
- Developing a predictive model on the Roan Plateau to help with improving APD processing (Glenwood Springs).

Interagency GIS-based Data Clearinghouse

- Partnering with the University of Wyoming Ruckleshaus Environmental Institute and other state and federal agencies to complete a GIS-based Web site of CBNG information, which is available to Industry and the public (Buffalo).

4.5.4 Interfacing With State Agency Commissions

All pilot offices have developed close working relationships with the state oil and gas commissions and other state agencies, including state DEQs and game and fish agencies. These working relationships have evolved to the establishment of MOUs with associated protocols that support data sharing between agencies. Occasionally, these MOUs need to be updated to address system-to-system interfacing, system security, and system integrity and availability requirements. As an example, the use of electronic state oil and gas commission systems to view and manipulate BLM well data has become mission critical for BLM oil and gas offices, especially for the pilot offices because of their permitting and inspection large workloads.

All pilot offices have developed close working relationships with the state oil and gas commissions and other state agencies, including state DEQs and game and fish agencies.

In New Mexico, the Farmington and Carlsbad pilot offices have been working with the NMOCD to develop a stand-alone version of the RBDMS for BLM. This effort is being performed to overcome the unavailability of AFMSS and associated well data as a result of the Cobell litigation. This system will provide inspection-related capabilities for use by PETs and surface compliance and inspection personnel and will be ready for testing in the winter of 2007/08.

A similar interagency collaborative system development and data sharing relationship has been established between BLM Wyoming and the WOGCC. This new dynamic has serious implications with regard to BLM's oil and gas IT support infrastructure, principally related to the pilot offices. Now emerging is the need to develop system security and data sharing agreements between BLM and these state agencies to allow system interfacing to continue and expand.

The Miles City Pilot Office completed an MOU with the Montana BOGC to provide more efficient analysis of proposals by establishing procedures for preparing joint environmental analyses. This NEPA/MEPA coordinated effort has provided the public and agency management a comprehensive document analysis. In addition, the MOU has provided frequent consultation and coordination between the two agencies.

Utilization of electronic well permit/report data exchange standards for electronic permitting and data sharing among Industry, BLM, and the state agencies has now become a critical need, particularly with the implementation of the new Onshore Order No. 1. Work has been under way under the auspices of the American Petroleum Institute, which has now completed a second generation data exchange standard

using Extensible Markup Language (XML) for well permits and reports for use between the Industry, state commissions, MMS offshore, and BLM onshore. As mentioned above, data sharing between Industry, BLM, and the state agencies using data exchange standards greatly reduces the time and cost required by all parties to share such data.

4.6 IMPROVED ENVIRONMENTAL STEWARDSHIP

The pilot offices have implemented numerous steps to improve environmental stewardship, some of which are described below.

4.6.1 Mitigation

The Glenwood Spring Pilot Office developed a protocol for integration of USACE as an IDT member for all GAPs and other NEPA documentation. This integration will ensure adequate protection of drainages, wetlands, riparian vegetation, and aquatic wildlife. The USACE representative has issued roughly 34 permits or permit verifications under Section 404 of the CWA.

The Glenwood Spring Pilot Office developed a protocol for integration of USFWS as a key team member for all GAPs and other NEPA documentation. This integration will ensure protection of federally listed, proposed, candidate, or T&E species while reducing the amount of time required for consultation under the ESA.

The Glenwood Spring Pilot Office developed innovative approaches to onsite and voluntary offsite mitigation to offset wildlife impacts. These include control of tamarisk and Russian-olive, two invasive species state-listed as noxious weeds, as a measure to rehabilitate seriously degraded riparian habitat along the Colorado River and tributary streams within or adjacent to oil and gas developments. This effort has been developed in collaboration with the Tamarisk Coalition, Garfield County, and oil and gas operators.

The Glenwood Spring Pilot Office is working to allow year-round drilling in critical winter range on a limited trial basis where appropriate.

The Carlsbad Pilot Office is working closely with Industry to alleviate land fragmentation issues associated with oil and gas development. Companies will call BLM to request clearance to remove caliche and reseed areas within priority habitats that are on a lease but are neither active nor producing. The Carlsbad Pilot Office also is working closely with the ranching community to improve habitats for sensitive species and Section 10-J species in the form of brush treatments. Ranchers are coming to BLM with proposals for treatments within priority habitats.

During FY07, the Rawlins Pilot Office Fluid Mineral Surface Division worked closely with Industry to achieve over 90 percent compliance of identified surface environmental problems without the use of formalized enforcement actions such as INCs, orders of the authorized officer, imposing assessments or civil penalties, ordering shutdown of operations, and initiating the process for lease cancellation.

4.6.2 Reclamation

The Glenwood Springs Pilot Office developed a comprehensive weed management plan, including methods for identifying and controlling existing weed infestations, reducing potential for additional infestations, tracking the use of chemical herbicides on BLM lands, and monitoring the effectiveness of

weed control programs. The WRNF has adopted the weed management plan for use on adjacent USFS lands to provide consistency for the operators across both surface estates.

BLM and WRNF have enhanced their reclamation requirements to provide better flexibility for oil and gas operators in developing site-specific seed mixes while also increasing the effectiveness of revegetation treatments. Changes to previous reclamation requirements include a broader “menu-based” approach to seed mixes, requirement for mulch or other treatments to improve germination and establishment of seeded species, greater emphasis on weed control before and following ground-disturbing activities, and requirement to seed soil and overburden piles and cut-and-fill slopes without waiting for interim reclamation of the pad.

During inspections of buried produced water tanks, Glenwood Springs determined that some tanks are leaking into the soil. Consequently, the Energy Office required that all buried produced-water tanks without leak detection systems be replaced with aboveground tanks or should have leak detection systems installed. At present, several companies have submitted plans and timelines for replacing these tanks. Hundreds of these tanks exist, and several years will be required to replace them. The remaining companies with these tanks are following suit.

In the Carlsbad Pilot Office, the oil and gas community is contributing to a noxious weed control program. Oil and gas companies are contributing to our partnership with NMACD to complete oil field reclamation on pads and roads with no responsible party. Oil companies are donating their time and equipment for reclamation efforts.

The Carlsbad Pilot Office is working with partners in the reclamation of old historical locations and access roads to restore the natural habitat. This restoration is being performed field office-wide, disregarding surface ownership. Specialists are working with Industry to reclaim old location sand roads there were not reclaimed to inadequate standards by recycling surfacing materials, using these materials for new locations and access roads.

In late FY07, BLM Wyoming and the Wyoming DEQ completed a cooperative agreement to fund a DEQ WYPDES permit writer position located in Cheyenne, Wyoming. This position will support WYPDES permit processing and interagency coordination workloads associated with oil and gas development occurring in two BLM Wyoming field offices, including the Buffalo and Rawlins Pilot Offices.

As a result of the rapid and large-scale CBNG development occurring in the PRB, the Buffalo Pilot Office has collaborated with Wyoming DEQ, Wyoming SEO, and WOGCC to establish an interagency CBNG water retention pit reclamation bonding program. This interagency program will ensure full and complete reclamation of such structures after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office established an MOU with the Wyoming State Engineer’s Office (SEO) for dam construction engineering and safety standard requirements that Industry must follow.

The Rawlins Pilot Office is leading a working partnership with Industry, the University of Wyoming, the Wyoming State Office, public lands advocacy groups, other BLM offices, and private sector consultants to establish annual reporting attributes for disturbance and reclamation tracking. This effort will compliment the geospatial mandates of the new Onshore Order #1.

4.7 COMPLETION OF A YEAR ONE INTERAGENCY WORKSHOP

A Pilot Project Workshop was held at the Denver Renaissance Hotel in Denver, Colorado, from November 15–17, 2006. Representation at the workshop included personnel from the seven pilot offices

(Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico) USFS, USFWS, EPA, USACE, BOR, Washington Office and State Office agency leadership and staff, and state agencies. Roughly 150 attended the 3-day workshop. The purpose of the workshop was as follows:

- Share successes and lessons learned
- Communicate among offices
- Develop relationships
- Create interagency dialog.

At the beginning of the workshop, keynote addresses were given by the following attendees: Kathleen Clarke, BLM Director; Dale Hall, USFWS Director; Randy Karsteadt, USFS Staff Director for the Rocky Mountain Region; Mark Sudol, USACE Chief of Regulatory Affairs; and Larry Svoboda, EPA Region 8 NEPA Director.

To meet the workshop's objectives, 30 presentations were made. These presentations provided an overview of Pilot Offices accomplishments and other initiatives taken to improve the oil and gas permitting processes. After each presentation, the meeting was open to participants' questions, providing a forum for an open dialogue between the various agencies and staff. A social hour was set up during the first evening of the workshop to help develop relationships and improve communications between the partner agencies.

On November 14, 2006, a day before the workshop, two public listening sessions were held for the public, to express their views and concerns about the permitting process and establishment of the pilot offices. The first session was held at 2:00 to 4:00 p.m., followed by a second session held from 6:00 to 8:00 p.m. The first session had 32 commenters; the second, two commenters.

BLM's internal, secure intranet Web site (http://www.wy.blm.gov/pilot_offices/) contains Pilot Project Workshop notes and summary information. This Web site contains the following information regarding the workshop and the pilot project:

- Executive summary
- Workshop agenda and list of speakers
- Presentation materials (including biographies of each speaker, a summary of their presentation, and slides if used)
- Listening session comment summary
- Workshop attendee list
- Pilot office directory
- Section 365 of the 2005 Energy Policy Act
- Interagency MOU.

Mr. Alan Kesterke, BLM's Administrative Officer for the Section 365 pilot project, concluded the workshop with an emphasis on the workshop purpose, identifying further actions for the following:

- Suggestions for awards:
 - Opportunity for Industry input for award designations.
 - Use of pilot funding to support necessary overtime, compensation time, and individual or unit awards for innovations.
- USFWS challenge to develop representative measures of environmental stewardship.
- Development of an informal communication framework:
 - Pilot project Web site.

- E-mail mailing group.
- Promotion of interagency dialog.
- Improvement areas that would make pilot office jobs easier:
 - Establishing contracts to support pilot office needs has been difficult and/or troublesome. The workshop recommends establishing dedicated BLM National Business Center (now called National Operations Center [NOC]) contracting personnel specifically for the pilot project.
 - A work priority bottleneck has existed with BLM's National Business Center for space management/building construction to support additional pilot office FTE requirements.
 - Delegating human resource authorities to State Directors.
 - Improving or reengineering AFMSS to make it easier to use, supporting new work processes, and improving databases quality and utility.
 - Providing additional funding should be provided directly to the pilot offices for utilization of innovative IT software, hardware, system administration, and data support.
 - Public affairs should be more involved in outreach.
 - Washington Office can help in developing and distributing pilot innovations and lessons learned throughout BLM and with participating agencies.
 - Continuing to refine participating agency performance measures.
- What are some ideas for next year's workshop?
 - Need breakout groups for next year's workshop to solve problems rather than just share information.
 - Fluid Minerals Conference with pilot office meeting or have pilot office sessions at the Fluid Minerals Conference.
 - Use this group to help prepare for the Year Three Report to Congress.
 - Environmental actions that demonstrate improved stewardship should be documented and the public informed of these accomplishments.
 - Each pilot office should identify the top issues or roadblocks for use during the next workshop as target areas for future discussion and collaboration.

CHAPTER 5 ISSUES AND RECOMMENDATIONS

5.1 HUMAN RESOURCES

5.1.1 Position Recruiting

During year one of the pilot, BLM used position selection boards to review nationwide lists of NRS and PET applicants and determined how best to use the candidates among the pilot offices. This process was determined to be a very effective and time-efficient way of providing new staff resources to the respective pilot offices.

Use of nationwide lists of qualified applicants during year two was much less effective because the vast majority of the qualified applicants on these lists were hired into the pilot during year one. The remaining candidates on the year two lists were largely inexperienced or poorly qualified. This placed the pilot offices in the difficult position of not being able to fill the remainder of the vacant pilot positions with immediately effective staff.

As an ongoing example of participating agency position recruitment problems, the New Mexico pilot offices recently finished the third recruitment for USFWS Biologists. The first recruitment in May of 2006 did not result in any hires. The second recruitment during fall 2006 resulted in two new hires who vacated the positions within months for personal reasons. The USFWS and BLM filled both positions through a third recruitment during summer 2007. Both employees reported in November 2007. During FY07, while these positions were being recruited, the USFWS temporarily assigned existing personnel to the pilot offices. USFWS Section 7 consultation and coordination streamlining is proceeding with BLM by using detailed personnel until the final candidates report on duty. This extent of pilot office effort to establish functional position support through protracted recruitment and interim work details has become a more common situation during year two.

A substantially emerging concern with potential pilot project job candidates is the perceived stability of continued funding for the pilot positions. Participating state agencies have identified this issue as result of reluctant job candidates being aware of the proposed or pending Congressional bills which are intended to repeal or modify the Energy Policy Act of 2005, including Section 365.

At present, the pilot offices' ability to recruit qualified job candidates is severely limited from Industry job competition, a limited maturing workforce of qualified applicants, and constraints with hiring the younger workforce due to the cost of living and lack of available affordable housing in the locales of the pilot offices.

Industry has recognized the utility of recruiting experienced retired personnel. With the hiring constraints described in the last paragraph, the pilot offices and agencies should try to leverage these resources through greater use of contracted positions (offering flexible schedules), rehired annuitants, and other similar programs. This area has considerable potential with the large proportion of retirement age workforce now becoming available for the BLM and other agencies. Such a resource allows for the use of proven and qualified individuals.

Recommendation: The pilot offices/agencies should try to leverage experienced retired personnel through the use of contracted positions (offering flexible schedules), rehired annuitants, and other similar programs.

The pilot agencies should aggressively increase the recruiting of new college and trade school graduates through wider use of the SCEP/STEP programs at colleges and trade schools designed to offer students an opportunity to gain valuable work experience while attending school. These programs will create a pool of talented and motivated students for entry-level positions and ensure a diverse and highly qualified professional workforce for the future.

Recommendation: The pilot should pursue substantially enhanced recruitment and establishment of SCEP/STEP programs at colleges and trade schools, to effectively utilize the pool of newly trained oil and gas technician-level personnel.

As an example, state government educational programs, working with funding that Industry provided, have established oil and gas trade schools through junior colleges for providing a pool of newly trained oil and gas technician-level personnel. These junior college trade schools are attracting young military veterans, which provide very stable and work-oriented new employees for Industry. The pilot should pursue enhanced recruitment and establishment of SCEP/STEP programs at these schools.

5.1.2 Bonuses and Incentives

The pilot offices have used hiring and retention bonuses for obtaining and keeping qualified personnel. Using bonuses has been determined to be of value. However, occasionally when the Industry job market provides higher salaries, bonuses are not as effective. In such cases, the pilot offices have used other means of obtaining necessary personnel. For example, during year one, the Vernal Pilot Office used five fire crew personnel to staff hard-to-fill PET positions by providing a career path option not normally available to individuals unfamiliar with oil and gas resource management.

One area of significant concern for the Buffalo Pilot Office is an ability to recruit and retain qualified PEs. Since 2004, Buffalo has advertised for full performance level (FPL) GS-11 PEs through five vacancy announcements, two of which included recruitment bonuses of up to 25 percent of the base salary. Two announcements resulted in no applicants; one had no qualified applicants; one resulted in three qualified applicants, all of whom declined the job once offered; and one resulted in a single selection. In the last 4 years, Buffalo has lost four PEs to higher grades in surrounding BLM states, and one more for personal reasons.

The Glenwood Spring Pilot Office has been recruiting using a continuously open vacancy announcement since FY06. The Pilot Office decided to offer a hiring bonus in recruiting a second PE position. The fact that the two PE positions are rated at the GS-12 level helped with the hiring and retention of this engineering staff.

The Glenwood Springs Pilot Office has several term positions that have proven difficult to fill because of concerns about job security. Filling permanent positions has also been challenging because of the high cost of living in Glenwood Springs, a resort area near Aspen and Vail. Nonetheless, all positions have been filled, and all with highly qualified individuals. The ability to pay relocation costs has been a key factor, and greater use of hiring bonuses may be used for any future hiring. Adequate funding for training has also been important in improving the existing staff's ability to understand and respond to the specific needs of oil and gas development versus other uses that they may have focused on before joining the Energy Office.

Although hiring and retention bonuses have been of value for filling pilot office positions, the effect on the employee is temporary. A 25 percent hiring bonus may attract individuals to the pilot organization, but incentive bonuses fall far short of private sector salaries and do not resolve the long-term issues of high cost-of-living locales because the bonuses are applicable only at the hiring stage. There has been

difficulty with the agency human resources policy in providing flexibility to offer such incentives or even to increase grade level when desired or determined necessary by the pilot office management. Consequently, current employees and qualified candidates are walking away.

Recommendation: Recruitment bonus authority should be expanded beyond the current pilot position classifications and should be used at the discretion of the State Director when any critical position has been demonstrated as hard-to-fill.

5.1.3 New Employee Training

In advance of the actual reporting of new personnel, BLM explored training opportunities for NRS and PET personnel, student capacity, and course scheduling and then initiated coordination with BLM's NTC to provide necessary training resources prioritized specifically for the pilot office staffs.

With an increase in pilot staffing, pilot offices are conducting internal workshops and on-the-job mentor-training for new employees. Depending on the position type, new employee training may take from a couple of months to a couple of years to obtain a position competency.

In pilot offices in which a high degree of employee turnover exists, training requirements are continuous. This has a substantial negative effect on office productivity because of the time required by existing employees to train new employees. Occasionally, training resources do not provide the intended value when they are used for new employees, such as for PETs (who require 2 years of training to reach certification) reaching a level of competency that makes them valuable to Industry and later leave the BLM for higher pay.

The pilot office (and nonpilot office) I&E program personnel have gained insight on helping new PETs become immediately productive while awaiting entry or completion of the BLM's PET training certification program. Currently, PETs must successfully complete eight training courses over 2 years to become a certified PET. Certification allows the PET to independently write INCs or to render shut-down/shut-in orders when necessary. BLM field offices (including the pilot offices) are using the new PETs for current inspection work through on-the-job mentor training with certified inspectors and by applying the new PET acquired skills from recently completed NTC training courses to reduce inspection workloads where such skills can readily be applied.

Although new employee training is being handled within the pilot through innovative means, pilot office impacts of continuous training and the loss of recently trained employees and associated training values should be analyzed and addressed in future pilot workshops and reports. For example, the pilot offices could offer greater use of electronic-based training (e.g., computer-based and video streaming) to offset the impacts of continuous training.

Recommendation: BLM's NTC should develop to the fullest extent possible, electronic-based training (computer-based and video streaming) to support the training of new pilot office personnel including curriculum for the following work areas: 1) the new Onshore Order No. 1, 2) oil and gas permit records adjudication, APD/POD/GAP project permitting processes, down-hole and SUPO reviews, oil and gas permit NEPA process, I&E, and surface management, compliance and reclamation. With the rapid acceleration of new practices and technology applied by the Industry, experienced BLM personnel should be provided adequate means and resources to ensure their continued competency with such practices and technology. Currently, the NTC I&E training resources support this emergence, for other oil and gas position types training resources are severely lacking.

5.1.4 Position Retention Impacts

The Vernal, Buffalo, and Rawlins pilot offices are experiencing considerable position turnover compared with the other five pilot offices. Consequently, position retention insights are now emerging. The following examples demonstrate these insights and provide recommendations.

In FY06, the Vernal Pilot Office received approval to fill 17 initial pilot positions. Of those positions hired, about 50 percent left for other jobs in less than a year. Vernal received approval in late FY06 to fill another 11 positions (including some of the vacant positions from the original 17). Vernal experienced difficulty in filling these positions for reasons such as those below:

- Lack of applicants
- Applicants not wanting to come to an area with a high cost of housing and living expenses
- Applicants not wanting to move to a state with high tax rates
- Competition with higher paying Industry jobs.

Vernal determined that offering relocation and hiring incentives to position candidates is not an effective solution for retaining employees.

For the Buffalo and Rawlins pilot offices, the primary constraint to increased permitting is the employee turnover rate and an inability to attract and retain qualified employees. Although the Buffalo Pilot Office was approved for 17 additional positions, more than half of those positions have remained vacant at any given time in FY07. The Rawlins Pilot Office experienced considerable turnover during FY07, including the loss of a field manager, several archaeology positions, and five NRS positions (due to retirement and promotions). This affected APD processing during the latter half of the year. Similarly, there are many demographic, economic, social, and housing factors which make it very difficult to recruit qualified applicants to the Rawlins area. Retention of fluid minerals staff is difficult due to grade limitations and workload stress, as the fluid minerals workload is considerably higher than other divisions in the Rawlins Pilot Office.

An analysis of Buffalo position exit interviews indicates that roughly 50 percent of the turnover was attributed to avoidable circumstances (e.g., workload stress and higher grade opportunities), whereas 50 percent was attributed to unavoidable circumstances (e.g., developmental opportunities and personal reasons, including retirement).

Buffalo's employee turnover rate was 20 percent in FY06 and 17 percent in FY07. An analysis of Buffalo position exit interviews indicates that roughly 50 percent of the turnover was attributed to avoidable circumstances (e.g., workload stress and higher grade opportunities), whereas 50 percent was attributed to unavoidable circumstances (e.g., developmental opportunities and personal reasons, including retirement).

The Buffalo Pilot Office is generally able to successfully recruit qualified applicants (except for PEs), but retention has been difficult across most professional and administrative support skill areas because of grade limitations, workload stress, and the staff's ability to successfully compete for other jobs (internally and externally).

The Buffalo Pilot Office has developed the following recommendations to improve position recruitment and retention:

Recommendation: Provide State Director's additional delegated authority to approve retention and recruitment bonuses within their existing budget authority.

Recommendation: Broaden the use of retention bonus authority to reward performance in meeting annual productivity targets (i.e., develop a contractual approach with staff and/or teams in which, if certain pilot office targets are met, they will qualify for a bonus under the retention bonus authority).

BLM Wyoming field office PE positions are lower graded (FPL GS-11) in comparison with adjacent BLM field offices (FPL GS-12) in other states (see Appendix 9, Report on Selected Energy Offices by the BLM HCM Directorate).

Significant disparity exists within DOI between MMS and BLM PE and PET grades for performing similar work. For example, staff engineers and field inspectors are positioned at much higher grades within MMS versus those within BLM for conducting work of similar scope and complexity. MMS has institutionally recognized the need for technically competent personnel to oversee offshore field operational oil and gas responsibilities through for both managerial *and technical career* paths (both are parallel in proportion to graded positions). Similarly, other DOI agencies provide upward mobility technical career paths to position grades that parallel those of senior agency management.

Industry has recognized for decades, the need to retain highly experienced technical personnel, their considerable value to meeting organization performance targets, and have established the means to keep such valued employees. With the relatively lower grade structures established within the field offices, highly qualified technical employees and potential job candidates are walking away due to pay disparities and career mobility constraints.

Recommendation: As a follow-up action to the BLM HCM Directorate's review of the classification accuracy of selected positions within the pilot offices, an analysis of BLM pilot office position grades with those of MMS Offshore permitting and I&E position grades should be conducted. As an example BLM's use of the PET job series for field inspectors while MMS Offshore applies the inspector job series).

5.1.5 Impacts on Existing Pilot Office Productivity

In the Rawlins Pilot Office, the increased hiring workload caused by increased turnover has put a strain on managers because of the extensive (nearly full) time required to recruit and train new personnel. Managers in Buffalo and Vernal have also expressed concerns regarding position recruiting and work productivity impact on their ability to effectively manage their staff, ensure work objectives are being accomplished, and that issues and policies are being effectively administered. This impact to management and to other pilot office staff is compounded in offices that are experiencing high employee turnover. The Buffalo Pilot Office management estimates that their oil and gas staff is working at 50 percent efficiency due to the impacts of supporting the needs of newly hired personnel. This situation is occurring in the pilot office with the BLM's largest APD/POD processing workload.

Though the Rawlins Pilot Office has increased their staff, many are new trainee employees who are less qualified and require considerable expenditure of management and pilot staff support before these employees are fully effective in their positions. With several major EISs for energy development being conducted simultaneously, staffing capacity was limited before becoming a pilot office. Having the additional staff has provided a capacity to work on the EISs, to participate in onsite visits with the IDTs for implementation monitoring, and to be responsive to Industry needs. The additional staff has resulted in better implementation of projects on the ground, being available to work with Industry to resolve issues and details, and providing improved communications between parties.

Despite the recent completion of a new office building in the Rawlins Pilot Office, space has not been available to accommodate new pilot positions (to increase office space, the central file room was turned

into office space). This lack of space is encumbering the office's ability to be productive. All of the pilot offices have had to go through multiple iterations of adjusting their office space to support growing space needs for additional pilot project personnel. Logistical placement of pilot personnel in some pilot offices has been less than optimal which has impacted staff communication and productivity.

A negative effect on productivity as a result of turnover has limited the Buffalo Pilot Office's ability to implement an APD/POD/ROW NEPA analysis streamlining system, called the NEPA CISCoAT database tracking system (developed by Premier Data Services, Denver, Colorado). Available staff resources are committed to achieving permitting targets at the expense of testing and implementing the new automated system, which would otherwise save considerable time and effort.

5.1.6 Report on Selected Energy Offices by the BLM HCM Directorate

5.1.6.1 Purpose of the Report

At the request of the BLM Deputy Director, the Assistant Director for HCM (AD-HCM) completed a review of the classification accuracy of selected types of positions in the six pilot energy offices. Initially, the types of positions under review were PEs, PETs, and NRSs working in energy development. The six pilot energy offices reviewed in Buffalo, Wyoming (WY); Carlsbad, New Mexico (NM); Farmington, NM; Glenwood Springs, Colorado (CO); Miles City, Montana (MT); Vernal, Utah (UT); and Pinedale, WY (see Appendix 9 for the complete text of this report).

AD-HCM was also asked to obtain employee feedback on numerous human resource and training issues that the BLM Director observed during site visits to the pilot energy offices. As part of this effort, a team composed of human resources and managers interviewed employees at these pilot offices regarding their work environment. The team asked employees in these offices about morale, housing, workload, work/life balance, management, training, compensation, and classification. The qualitative responses provided a wide range of ideas for improvements that are also included in this report.

5.1.6.2 Report Summary

- There is pay disparity between federal employees and the private sector. The amount varies by location and occupation but often is significant. For example, starting salaries for PEs entering the workforce for the first time are \$20,000 to \$30,000 less per year in the federal sector.
- BLM does not have a case for special salary rates for PETs or geologists. According to the DOI, BLM does not have a strong case for PEs because BLM is not using incentives. BLM paid a combined total of four incentive awards from FY04 to FY06 to employees in the PE occupational series.
- All audited positions were determined to be properly classified; however, occasionally, differences in grades existed between states because of the manner in which work was organized.
- Morale within these pilot offices varied; overall, the morale in all the energy offices will be reported as good.
- In regard to work/life balance, the workload places tremendous pressure on these employees and some reported feeling "guilty" for taking any type of leave because doing so would impact other employees.

- In some locations, the lack of available housing, or the high cost of housing, poses a real challenge, especially for new employees moving into the area.
- The amount and types of training offered to new employees varied in the offices, and some employees in career ladder positions reported the need for development plans to ensure they have sufficient training to complete their workloads at the different performance levels.

5.2 INFORMATION TECHNOLOGY

5.2.1 Systems Administration

The pilot offices extensively use IT hardware and software daily to support automated workflows for permitting, I&E, and monitoring workloads. Depending on the specific pilot office, IT system administration is performed by local computer specialists or remotely at adjacent BLM field or state offices. When pilot office systems are administrated remotely and fail locally, days or even weeks may be required to have hardware repaired or replaced and new or existing software installed/reinstalled. For pilot offices experiencing these types of IT downtime situations, a more cost effective solution would be to place local system administration personnel onsite within the pilot offices to minimize computer system downtime for oil and gas personnel.

Recommendation: An assessment of pilot project productivity improvement hurdles/constraints associated with pilot office IT system software and hardware should be conducted. Considerable concern and frustration has been expressed by pilot office staff regarding the BLM's current enterprise-level oil and gas IT infrastructure and very dated constraints (e.g., AFMSS, etc.)

5.2.2 Continuing Impacts From Litigation

The Vernal Pilot Office is 1 of 10 BLM oil and gas field offices impacted by the segregation of AFMSS data into a Non-Indian AFMSS (NIAFMSS) database and an Indian AFMSS (IAFMSS) database. The NIAFMSS database has come back on line for use, but the IAFMSS database has not.

When the NIAFMSS was brought back online in April 2006, Vernal oil and gas staff was affected with a tremendous workload to enter 18 months of backlogged well permit and inspection record data into NIAFMSS. The backlog data entry work is still ongoing.

During the last 3 years, the Vernal Pilot Office has been unable to effectively use NIAFMSS for reporting past work accomplishments and to respond to data calls for federal lease and well information. This situation is further compounded where federal leases (and wells) are committed to Indian unit, participating or CAs that include participation of Indian leases. Because IAFMSS is still unavailable, Vernal does not have automated access to these affected records and therefore must use any available manual records to support day-to-day work processes.

The Vernal Pilot Office experienced several significant data requests from the Inspector General, Department of Justice, and the DOI Solicitor's office in late FY07. These requests stemmed from recently identified issues and pending lawsuits involving Indian trust oil and gas leases and associated wells. Vernal was unable to provide requested Indian trust-related information because of not being able to access IAFMSS. The only trust-related information that could be provided was obtained by Vernal using the State of Utah's Division of Oil, Gas, and Mining Internet Web site and by directly inquiring to the oil and gas operators involved in the IG investigation.

Recommendation: The BLM Washington Office should expedite bringing IAFMSS back online. The more this situation persists, the greater the work impacts to the 10 Indian trust oil and gas offices. This is a substantial problem for the Vernal, Farmington, and Miles City Pilot Offices.

5.2.3 Data Availability Constraints for Production Accountability

The Vernal, Farmington, and Miles City Pilot Offices have not been receiving MMS OGOR that provide federal lease, agreement, and well production data. OGOR reports are critical data sets necessary for allowing BLM PETs and PATs to conduct federal oil and gas production accountability reviews (e.g., I&E production record reviews).

As a result of ongoing litigation, MMS has made the decision not to segregate federal OGOR record data from Indian OGOR record data. The 10 BLM oil and gas Indian trust offices (including the Vernal, Farmington, and Miles City Pilot Offices) are unable to receive current federal OGOR records. The only readily available OGOR production data is 2.5 years old, which severely constrains the pilot offices' ability to identify recent under-reported and nonreported oil and gas volumes. As Figure 42 illustrates, a substantial drop in under- and nonreported oil and gas production volumes for the pilot offices during FY06 and FY07.

The pilot offices are obtaining current federal production data from state oil and gas commission Web sites. MMS has provided Brio access to its OGOR database for BLM field offices. Brio is very time consuming and not user friendly. The pilot offices must initiate four different queries to obtain a single OGOR report. In AFMSS, this was conducted in a single selection. In addition, the MMS database has none of the useful reports that AFMSS designed. In AFMSS, numerous reports could be run for production averages, reports that could identify "missing" reports, and many others that helped identify reporting problems or issues.

Two other important issues are; 1) during the AFMSS shut-down, MMS OGOR reports were not being triggered with the receipt of AFMSS well completion reports or changes in existing well status records, and 2) when LR2000 records for new CAs were not transmitted to MMS. MMS is working to obtain missing OGOR reports.

5.2.4 Effective IT Collaboration With Other State and Federal Agencies

BLM oil and gas field offices have worked closely with numerous state oil and gas commissions in the joint development and sharing of oil and gas data. Over the last few years, the state oil and gas commissions have established extremely useful Web sites that provide oil and gas information in ways that substantially support BLM permitting and I&E workloads daily. Numerous state commissions would like to receive Web service updates of BLM AFMSS well permit and well status records. Periodic electronic sharing of AFMSS well records was occurring with the NMOCD and COGCC and was being initiated with the WOGCC before being affected by the Indian Trust litigation. In fact, BLM field office personnel, including those from the pilot offices, are the largest transactional users of the commission Web sites for two reasons: the wide variety of useful data easily obtained from the Web sites, and the difficulty in obtaining similar data from BLM's systems (e.g., AFMSS).

Recommendation: The Washington Office AFMSS program and the BLM pilot states should initiate and coordinate the development of interagency data sharing agreements with the state oil and gas commissions to support the electronic Web services sharing of AFMSS data.

In New Mexico, the Farmington and Carlsbad pilot offices have been collaborating in the co-development and utilization of the Groundwater Protection Council's (GWPC) RBDMS with the NMOCD. RBDMS has been developed over numerous years for a large number of state oil and gas commissions through DOE grants. The system has evolved to the point of providing excellent permitting and inspection capabilities for the commissions. A parallel BLM/state commission collaborative software development exists between BLM Wyoming and WOGCC. These dynamic system collaboration efforts provide significant IT cost sharing and work streamlining opportunities for BLM's and the state commission oil and gas programs. The pilot offices are providing a critical leadership role within this collaboration.

Recommendation: The Washington Office Fluid Minerals program should develop a Bureau-level coordination strategy to provide adequate resources and dedicated personnel to the BLM pilot states and pilot offices to ensure continued and consistent participation within state oil and gas commission and BLM IT collaboration efforts.

In 1999, the oil and gas program on its own established the BLM's first electronic permitting system, known as the AFMSS/WIS. Within 4 years of its deployment, the BLM was receiving 26 percent of all well permits and reports electronically. As a result of the Indian Trust litigation, the system has been shut down and unavailable for 4 years. In October 2007, WIS was put back online. Operators who used WIS commented that they really like the system and considered it to be a considerable time saver. BLM is now engaged with a substantial effort of encouraging prior users of WIS to return and to support entirely new users to the WIS. Critical support to help the Industry utilize the WIS is required both from the AFMSS program level as well as from BLM pilot office (and field office) personnel working directly with local operators and permit agents.

The Buffalo and Rawlins Pilot Offices, which processes multiple-well CBNG projects, are unable to use the WIS because it has not been designed to allow the electronic submission of multi-well projects. This same situation exists with the Glenwood Springs Pilot Office for permits submitted under the GAP process. BLM field offices that process project-level submissions still perform such work manually because they have been unable to use the WIS electronic commerce system.

Recommendation: BLM's AFMSS-WIS electronic commerce (permitting) system should be enhanced to established automated capabilities for use by the Industry to support high volume workloads associated with multi-well projects. Currently, the multi-well project-level permits must be processed using labor-intensive manual paper means.

As a result of the recent implementation of the revised Onshore Order Number 1, the electronic submission of well permit data is emerging as a significant business process improvement opportunity for the BLM, USFS, and other federal and state agencies.

Over the last 4 years, BLM has been participating within a federal and state oil and gas regulatory and Industry electronic well-permit-data exchange-standard development group. The group is composed of MMS Offshore, BLM Onshore, numerous state oil and gas commissions, GWPC, major oil and gas companies, American Petroleum Institute, and Energetics Electronic Standards organizations. This collaboration has resulted in the recent completion of an Industry standard XML data exchange schema, called *e-Permit*. Data sharing among Industry, BLM, and state agencies using data exchange standards greatly reduces the time and cost that all parties require for sharing such data.

Recommendation: The BLM Washington Office Fluid Minerals program should provide dedicated funding and technical personnel to support the enhancement of the AFMSS-WIS electronic commerce

platform to process XML-based well permit/report submissions in support of the new Onshore Order Number 1.

5.2.5 Constraints With Existing Systems Support, Development, and COTS Utilization

The pilot offices have identified emerging IT-based tools and technologies that have been proven in use by Industry. Pilot project funding to use such technology to greatly improve field office efficiency and effectiveness has been severely lacking. The pilot is now seeing the limits of productivity that can be reached through the sole allocation of increased staffing. It is important to now provide technology that enables existing staff to take efficiency to the next level. Industry has been extremely successful in accomplishing this effort by supporting large asset management programs with relatively small staffs compared to those of BLM. A similar insight exists for state oil and gas commissions who have small staffs but very efficiently conduct their mission by leveraged up-to-date technology.

Since the migration of the AFMSS contracted software maintenance and enhancements previously managed by BLM's Oil and Gas Program to the Land and Resources Project Office (L&RPO), the BLM oil and gas field offices have expressed considerable and ongoing concern about the lack of timely and necessary improvements to the AFMSS system environment. It is felt by the pilot offices that AFMSS has stagnated during the last 4 to 5 years, become more complex and difficult to use, and has fallen years behind and not kept up with the oil and gas program's ever improving work process improvements (e.g., APD PODs/GAPs).

COTS technology readily exists to be applied to the BLM's oil and gas workloads in extremely cost-effective and turn-key means. The pilot offices should be provided funding resources to allow the utilization and testing of such technology. An example is where the deployment of the AFMSS inspection hand-held software system has been ongoing for nearly 4 years, and it still has yet to be successfully utilized within the BLM pilot offices. COTS technology readily exists that has been developed for use by Industry to support such field needs.

The pilot office oil and gas and IT systems administration staff have expressed frustration during FY06 and into FY07 on the lack of funding or means to obtain such enabling technology.

The pilot offices have had to focus on achieving permitting and inspection targets. Limited time and resources have been available to effectively identify, obtain, implement, and assess new technology.

Recommendation: The Washington Office Fluid Minerals program should collaborate with the pilot offices to identify areas where new technology should be applied and to work to obtain such capabilities for the benefit of the pilot and the larger oil and gas program.

Recommendation: AFMSS, now nearly 10 years old, is critically overdue to be replaced through IT lifecycle management. The Washington Office Fluid Minerals program should begin a formal project to replace mission critical AFMSS using COTS-based oil and gas Industry technology

5.3 NEED FOR INDUSTRY PRIORITIZATION OF PERMIT SUBMISSIONS

The pilot offices have determined that the continued emphasis on APD approvals may not necessarily be responsive to the conditions that BLM has experienced. Nor is it reflective of office workload, complexity of projects, and/or operator development plans. APDs continue to be approved that are never drilled.

NOSs continue to be submitted for which APDs are never received. APDs continue to expire with identical proposals resubmitted. Tremendous amounts of staff time are devoted to APD processing that never comes to fruition; this limits staff availability for existing oil and gas needs such as compliance and/or pre-planning efforts.

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CHAPTER 6 PILOT PROGRESS, RECOMMENDATIONS AND YEAR THREE FUTURE STEPS

6.1 PILOT PROGRESS

Since the Act was enacted in August 2005, BLM, in coordination with USFWS, BIA, MMS, BOR, USACE, USFS, EPA, and participating state agencies has placed a high priority on streamlining the oil and gas permitting process. During the first and second years of the Pilot Project, significant progress has been made in the following areas:

FY06 - Year One

- The Washington Office Briefing to inform leadership and gather information on the process was held within 7 months after passage of the Act.
- An MOU between the federal cooperating agencies was developed and signed 2 weeks before the deadline date established by the Act.
- Closer coordination in the permitting process has been initiated where staff members from partner agencies have been collocated in the BLM pilot offices, resulting in more efficient and effective communication between the agencies. These efforts have led to the development of MOUs between state and federal agencies.
- Increased permitting and I&E capability in the pilot offices has been achieved through increased staff, with the first new hires being on board only 2 months after the Act was enacted.
- Of the 146.5 target positions identified to be hired during FY06, 123.5, or 84 percent, have been filled.
- The pilot offices processed 6,468 federal APDs in FY06 compared to 5,616 in FY05 for a 15 percent increase in one year.
- The pilot offices received 7,990 federal APDs in FY06 compared to 6,201 in FY05 for a 29 percent increase in one year.
- The pilot offices processed 2,130 ROW applications in FY06, as opposed to 2,005 in FY05, for a 6 percent increase (ROWs primarily associated with oil and gas development).
- During FY06 the pilot offices completed 8,880 I&E federal inspections, as opposed to 7,438 in FY05, for a 19 percent increase.
- The Pilot Project offices have implemented a number of innovative approaches including:
 - Improvements to and greater use of comprehensive strategies to more efficiently process permits
 - Improved support for stakeholder responsiveness
 - Greater use of contract services
 - Development and application of critical information technology (IT)
 - Renewed focus on human resources
 - Improved interagency consultation and coordination.
- Each pilot office was interviewed within the first 9 months after enactment to determine how best to measure success of the project and to solicit input on how best to streamline the permitting and I&E processes.
- Thirty-two measures have been developed to determine success of the pilot offices.
- Each pilot office has increased its outreach efforts with all stakeholders.
- The BLM Director and the leadership of the partner agencies visited each pilot office within 7 months after the Act was enacted showing a strong commitment to the project.

FY07 - Year Two

- A Pilot Project Workshop was held in Denver from November 15–17, 2006. Representation at the workshop included personnel from the seven pilot offices, USFS, USFWS, EPA, USACE, BOR, Washington Office and State Office agency leadership and staff, and state agencies. Roughly 150 attended the 3-day workshop where 30 presentations were made. The purpose of the workshop was as follows:
 - Share successes and lessons learned
 - Communicate among offices
 - Develop relationships
 - Create interagency dialog.
- On November 14, 2006, a day before the workshop, two public listening sessions were held for the public, to express their views and concerns about the permitting process and establishment of the pilot offices. The first session had 32 commenters; the second, two commenters.
- It was determined that 47.75 additional positions would be required to meet the needs of pilot office inspection and enforcement and resource protection processes, totaling 207.25 positions (including 13 state agency positions). By the end of FY07, 168.25 FTE positions for federal and state agencies had been hired (81.2 percent of the total identified positions).
- Work was initiated to refine existing performance measures with a focus on ensuring environmental compliance and resource stewardship with interagency involvement. Two additional performance measures were developed, totaling 34 performance measures, to determine the success of the pilot project.
- BLM expanded the coordination for the collection of pilot performance data and the development of the Year Two Pilot Report with the pilot offices and federal agencies through the issuance of a BLM Washington Office instructional memorandum (WO IM-2007-169) and agency letters. An interagency pilot report development team was established that performed an FY07 Third Quarter dry run pilot performance data call to assess data quality. The team subsequently completed the FY07 full year pilot performance data collection including the development of report narratives.
- A BLM Human Capital Management Directorate Report on Selected Energy Offices was completed in April 2007 to review the classification of PE, PET and NRS positions in the pilot offices. The report also contains employee feedback on the work environment including morale, workload, training, management, compensation, job classification, work/life balance and housing.
- The pilot offices received 5,602 federal APDs in FY07 compared to 7,990 in FY06 for a 30 percent decrease in one year.
- The pilot offices processed 6,219 federal APDs in FY07 compared to 6,468 in FY06 for a 4 percent decrease in one year.
- The number of APDs approved by BLM decreased by 12 percent, from 5,918 in FY06 to 5,189 in FY07.
- The number of pending APDs dropped 8 percent from 4,650 in FY06 to 4,263 in FY07.
- The pilot offices processed 2,277 ROWs in FY07, as compared to 2,130 in FY06, for a 7 percent increase in one year (ROWs primarily associated with oil and gas development).
- In addition to processing APDs, the offices conducted 10,982 total inspections (environmental inspections, drilling inspections, and production inspections), as opposed to 8,880 inspections conducted in FY06, for a 24-percent increase. One hundred percent of BLM's planned inspections were accomplished during year two compared to 91 percent during year one.
- The number of environmental inspections completed increased 78 percent—from 3,365 inspections in FY06 to 5,976 inspections in FY07.
- The pilot offices completed 3,348 NEPA reviews/analysis in FY07, as compared to 3,403 in FY06, resulting in a decrease of less than 2 percent. Yet, the average NEPA processing time decreased 25 percent from 81 days in FY06 to 61 days in FY07.

- As in the previous year, the pilot offices have initiated actions that are resulting in improvements in the following areas:
 - Improved interagency consultation and coordination
 - Expanded use of IDTs
 - Improved environmental stewardship
 - Renewed focus on human resources
 - Greater use of contract services
 - Improvements to and greater use of comprehensive strategies to process permits more efficiently
 - Development and utilization of critical information technology (IT)
 - Improved support for stakeholder responsiveness.
- During FY07, the pilot offices demonstrated an increased commitment through interagency collaboration to colocate and streamline federal and state permit processing and resource protection. As a result, interagency colocation is providing the following:
 - Earlier and better communication and coordination on energy-related projects
 - Minimization of surprises and permitting delays through improved communication
 - Quicker resolution of misunderstandings between agencies and Industry personnel
 - Greater use of programmatic agreements utilizing best management practices (BMPs)
 - Improved oil and gas permit process-related training and outreach opportunities
 - Enhanced monitoring, protection, and conservation of other natural resources.
- Improved interagency environmental and resource stewardship occurring during the second year of the pilot has resulted in the following overall pilot performance:
 - APDs requiring 120 days or longer to approve increased from 58 percent in FY06 to 65 percent of the total APDs approved in FY07. The Buffalo and Vernal pilot offices account for most of this increase, primarily due to more complex APD POD resource protection situations (Buffalo) and pending land use plan decisions and project NEPA actions (Vernal).
 - Elapsed time for interagency consultations has been reduced as a result of improved communication, participation of agency personnel on IDTs, and through programmatic streamlining efforts, which have applicability to multiple projects/permits.
 - The number of permit reviews requiring interagency coordination has decreased in FY07 compared to FY06, primarily due to a reduction in permit applications from the Industry.
 - The number of NEPA reviews has lessened after the start of the pilot, because of a decrease in the number of permit applications, greater use of CXs, and the use of comprehensive processes to process more well permits through a single NEPA action.
 - Increased I&E funding has allowed the hiring of additional staff and training which has substantially increased inspection productivity after the start of the pilot, with significantly increased number of inspections conducted for FY07.
 - Increased inspections have led to better compliance by the Industry through a reduction in major violations.
 - Substantial improvements in I&E accomplishments are occurring with emphasis on environmental inspections to improve resource protection stewardship.
 - Through ongoing Industry outreach, BLM is sharing with the Industry technical and environmental violations insights, which aids the Industry in reducing violations.
 - Increased inspections have led to better compliance by the Industry by a reduction in major violations due to the increased number of inspectors in the field, early identification and intervention of nascent violation situations, and through ongoing I&E outreach sessions.
- During FY07, the pilot offices have increased outreach sessions/meetings with all stakeholders by 41 percent from 101 sessions/meetings in FY06 to 141 in FY07.

- The BLM Director and senior management have continued to conduct pilot offices site visits during FY07 continuing a strong commitment to the project.

6.2 YEAR TWO RECOMMENDATIONS IN ADVANCE OF THE YEAR THREE REPORT

In Chapter 5, issues and recommendations identified during the Year Two Report development were documented. These issues and recommendations will be fully addressed within the Year Three Pilot Report. The following sections provide summaries of the process improvement refinement recommendations, human resources and training recommendations, and the information technology recommendations.

6.2.1 Human Resources and Training

- The pilot offices/agencies should try to leverage experienced retired personnel through the use of contracted positions (offering flexible schedules), rehired annuitants, and other similar programs.
- The pilot should pursue substantially enhanced recruitment and establishment of SCEP/STEP programs at colleges and trade schools, to effectively utilize the pool of newly trained oil and gas technician-level personnel.
- Recruitment bonus authority should be expanded beyond the current pilot position classifications and should be used at the discretion of the State Director when any critical position has been demonstrated as hard-to-fill.
- Provide State Director's additional delegated authority to approve retention and recruitment bonuses within their existing budget authority.
- Broaden the use of retention bonus authority to reward performance in meeting annual productivity targets (i.e., develop a contractual approach with staff and/or teams in which, if certain pilot office targets are met, they will qualify for a bonus under the retention bonus authority).
- As a follow-up action to the BLM HCM Directorate's review of the classification accuracy of selected positions within the pilot offices, an analysis of BLM pilot office position grades with those of MMS Offshore permitting and I&E position grades should be conducted. As an example BLM's use of the PET job series for field inspectors while MMS Offshore applies the inspector job series).
- BLM's NTC should develop to the fullest extent possible, electronic-based training (computer-based and video streaming) to support the training of new pilot office personnel including curriculum for the following work areas: 1) the new Onshore Order No. 1, 2) oil and gas permit records adjudication, APD/POD/GAP project permitting processes, down-hole and SUPO reviews, oil and gas permit NEPA process, I&E, and surface management, compliance and reclamation. With the rapid acceleration of new practices and technology applied by the Industry, experienced BLM personnel should be provided adequate means and resources to ensure their continued competency with such practices and technology. Currently, the NTC I&E training resources support this emergence, for other oil and gas position types training resources are severely lacking.

6.2.2 Information Technology

- An assessment of pilot project productivity improvement hurdles/constraints associated with pilot office IT system software and hardware should be conducted. Considerable concern and frustration has been expressed by pilot office staff regarding the BLM's current enterprise-level oil and gas IT infrastructure and very dated constraints (e.g., AFMSS, etc.)
- The BLM Washington Office should expedite bringing IAFMSS back online. The more this situation persists, the greater the work impacts to the 10 Indian trust oil and gas offices. This is a substantial problem for the Vernal, Farmington, and Miles City Pilot Offices.
- The Washington Office Fluid Minerals program should develop a Bureau-level coordination strategy to provide adequate resources and dedicated personnel to the BLM pilot states and pilot offices to ensure continued and consistent participation within state oil and gas commission and BLM IT collaboration efforts.
- BLM's AFMSS-WIS electronic commerce (permitting) system should be enhanced to established automated capabilities for use by the Industry to support high volume workloads associated with multi-well projects. Currently, the multi-well project-level permits must be processed using labor-intensive manual paper means.
- The BLM Washington Office Fluid Minerals program should provide dedicated funding and technical personnel to support the enhancement of the AFMSS-WIS electronic commerce platform to process XML-based well permit/report submissions in support of the new Onshore Order Number 1.
- BLM production accountability responsibilities are currently impacted by the lack of OGORs through the AFMSS database. MMS should segregate federal and Indian OGOR reports to allow BLM to effectively conduct federal production accountability reviews and to recover federal royalty due to the Treasury.
- The Washington Office Fluid Minerals program should collaborate with the pilot offices to identify areas where new technology should be applied and to work to obtain such capabilities for the benefit of the pilot and the larger oil and gas program.
- The Washington Office AFMSS program and the BLM pilot states should initiate and coordinate the development of interagency data sharing agreements with the state oil and gas commissions to support the electronic Web services sharing of AFMSS data.
- AFMSS, now nearly 10 years old, is critically overdue to be replaced through IT lifecycle management. The Washington Office Fluid Minerals program should begin a formal project to replace mission critical AFMSS using COTS-based oil and gas Industry technology.
- With the advent of the new Onshore Order #1 and the efforts to analyze and manage fluid mineral projects geospatially, it is suggested that funding be made available to bolster either small or non-existent GIS departments in the pilot offices.

6.3 STEPS NECESSARY TO COMPLETE THE YEAR THREE FINAL REPORT TO CONGRESS

To build on the progress made during year two of the Pilot Project, BLM plans to take the following actions during FY08 as next steps to complete the Year Three Final Report to Congress:

1. Continue to collect pilot performance measure data for the Year Three Final Report. Using the year two pilot performance measures, BLM will continue collecting data for the Year Three Final Report of the Pilot Project (FY06 to FY08) in accordance with the requirements of Section 365 and the October 2005 Interagency MOU. The data collection process may require refinement of the year two measures as future performance assessment concerns arise.
2. Develop a simple automated Web-based Pilot Project dashboard resource for easy access to Pilot performance indicators. This task will focus on developing a simple automated pilot project performance indicator web-page resource (for use by a variety of users) that will query pilot performance data in real-time from BLM systems, local pilot office cuff-record files/systems, and DOI participating agency systems/files. This labor saving resource is intended to support continuous or periodic monitoring, reviews and analyses of pilot office performance to ensure the goals and objectives of Section 365 are achieved and continued. The current performance data collection process is very labor intensive as data is manually compiled into an automated format from a wide variety of automated and manual systems.
3. Develop an easy to use Pilot Project communication framework Web-based resource. During the FY07 interagency workshop in Denver, a group recommendation was made to develop an informal Pilot Project communication framework that should include a collaborative-based Pilot project Web site, the establishment of an E-mail group resource, development of a means to promote work process improvements, areas of innovation, lessons learned, and participating agency dialog.

As was done for the Washington Office Fluid Mineral Surface Management BMP Web site, such an online resource should help all BLM organizational levels (including public affairs), participating agencies and other stakeholders in distributing, utilizing and contributing to the Pilot Project information knowledge-base. This task and task 2 above should be consolidated or completed using a phased approach.

4. Conduct an interagency Pilot Project workshop and pilot progress update session as part of BLM's 2008 National Fluid Minerals Conference (NFMF). Conduct a pre-conference workshop with representatives from the participating federal and state agencies and BLM Pilot Project offices. The purpose of the pre-conference workshop will be review and refine the Year Three Pilot Report deliverable content. The workshop will confirm Pilot successes, failures, issues and final recommendations. Conclusions from the pre-conference Pilot Project workshop will be presented during a Pilot progress update session during the first day of the 2008 NFMF.

The Pilot progress update session within the NFMF should include the Pilot background, status of staffing, summary of the year two performance including participation from agency representatives, a presentation showcase of pilot innovations and pilot issue presentations lead by pilot office representatives with the intend of obtaining NFMF audience feedback. Audience recommendations will be included within the Year Three Final Report. An Industry listening session is planned to kick of the 2008 NFMF where the Pilot Project is expected to be a major topic of discussion.

5. Conduct a limited Pilot Project stakeholder satisfaction analysis to determine pilot office stakeholder customer service satisfaction and associated insights for potential inclusion within the Year Three Final Report. The 2008 NFMC Industry listening session will provide an opportunity to obtain customer satisfaction feedback for inclusion within the Year Three Final Report.
6. Conduct second (final) round of pilot office site visits by the Year Three Final Report development team. These visits will focus on identifying employee attitudes on collaboration and collocation, cataloging the best practices for process improvement, final refinements of the performance measures, and documentation of critical issues and recommendations for inclusion within the Year Three Final Report. The report development team should comprise representatives from the pilot offices as well as participating agencies.
7. Write the Year Three Final Report for Congress. As required by Section 365 (e) Reports – Not later than 3 years after the enactment of the Act, the Secretary (of the Interior) shall submit to Congress a report that (1) outlines the results of the Pilot Project to date; and (2) makes a recommendation to the President regarding whether the Pilot Project should be implemented throughout the United States.

During FY08, the BLM Washington Office shall continue dialog with the Congressional staff to submit the Year Three Final Report after the close of FY08 to provide a report based upon three full fiscal years of Pilot performance assessment.

With the report requirement to make a recommendation on whether the Pilot Project should be implemented throughout the United States, an analysis of the applicability, costs and issues associated with expanding the Pilot permit streamlining improvements and pilot innovations to nonpilot BLM offices will be necessary. This analysis may result in the development of a business case for continued use of the Permit Processing Improvement Fund through 2016 - contingent upon the report's final recommendations. This will be a significant effort and a critical part of the Year Two Final Report.

8. Develop or revise existing Pilot Project BLM communication plan. Develop a public outreach program to inform the public on the results of the Pilot including both short- and long-term impacts. Such communication should be designed to support an audience spanning Industry, environmental protection advocates, participating federal and state agencies and the general public.
9. Recognize exceptional Pilot office performance or innovation. During the third year of the Pilot, the BLM Washington Office and the participating agencies should recognize exceptional Pilot office performance or innovation. Such gratitude may best be recognized amongst agency peers through a venue such as the 2008 NFMC.

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GLOSSARY

APPLICATION FOR PERMIT TO DRILL (APD). An application to drill a well submitted by a lessee or operator to the BLM. The APD consists of a Drilling Plan that discusses downhole specifications and procedures (reviewed by the BLM) and a SUPO that examines surface uses, including access roads, well site layout, cut and fill diagrams, reclamation procedures, production facility locations, etc. The approved APD is a contract between the operator and the Federal Government and cannot be changed or modified unless authorized by the BLM.

BIOLOGICAL ASSESSMENT (BA). The gathering and evaluation of information on proposed T&E species and critical habitat and proposed critical habitat. Required when a management action potentially conflicts with endangered or threatened species, the BA is the way federal agencies enter into formal consultation with the USFWS and describe a proposed action and the consequences to the species the action would affect.

CANDIDATE SPECIES. Any species included in the *Federal Register* notice of review that are being considered for listing as T&E by the USFWS.

CATEGORICAL EXCLUSION (CX). A category of actions which do not individually or cumulatively have a significant effect on the human environment and which have been found to have no such effect in procedures adopted by a Federal agency in implementation of the NEPA regulations and for which, therefore, neither an EA nor an EIS is required.

CODE OF FEDERAL REGULATIONS (CFR). The official, legal tabulation or regulations directing Federal Government activities.

COLLABORATION. Working together, sometimes with individuals or groups of opposing points a view, to reach a common agreement or compromise.

COMPENSATION MITIGATION. Mitigation measures located away from an adversely affected site. (Contrast with onsite mitigation.) Compensation mitigation would be used as a tool to address loss of habitat effectiveness when reclamation, BMPs, and onsite mitigation measures are not adequate to mitigate the impacts of proposed actions.

CONDITIONS OF APPROVAL (COA). Conditions or provisions (requirements) under which a site-specific surface-disturbing or human presence activity (APD, sundry notice, ROW, etc.) is approved.

CRITICAL HABITAT. An area occupied by a T&E species “on which are found those physical and biological features (1) essential to the conservation of the species, and (2) which may require special management considerations or protection”. These irreplaceable and vital areas are designated as critical by the Secretary of Interior for the survival and recovery of listed T&E species.

CRUCIAL HABITAT. Any particular range or habitat component that directly limits a community, population or subpopulation to reproduce, and maintain itself at a certain level over the long term.

CRUCIAL WINTER RANGE. The portion of the winter range to which a wildlife species is confined during periods of heaviest snow cover.

CULTURAL RESOURCE. A fragile and nonrenewable remnant of human activity, occupation, or endeavor reflected in districts, sites, structures, buildings, objects, artifacts, ruins, works of art, architecture, or natural features.

CULTURAL RESOURCE INVENTORY. A descriptive listing and documentation, including photographs and maps, of cultural resources. Processes involved are locating, identifying, and recording of sites, structures, buildings, objects, and districts through library and archival research; collecting information from persons knowledgeable about cultural resources; and conducting on-the-ground field surveys of varying levels of intensity. See also Cultural Resource Inventory Classes.

CULTURAL RESOURCE SITE (cultural property). A physical location of past human activities or events. Cultural properties are extremely variable in size, ranging from the location of a single cultural resource feature to a cluster of cultural resource structures with associated objects.

CUMULATIVE IMPACT. The impact on the environment that results from the incremental impact of the action when added to other past, present, or reasonably foreseeable future actions regardless of what agency (federal or non-federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.

DISCHARGE (WATER). The rate of flow or volume of water flowing in a stream at a given place or within a given period of time.

EASEMENT. A right afforded a person or agency to make limited use of another's real property for access or other purposes.

ENDANGERED SPECIES. Any plant or animal species that is in danger of extinction throughout all or a significant portion of its range, as defined by the USFWS under the authority of the ESA of 1973.

ENVIRONMENTAL ASSESSMENT (EA). EAs were authorized by the NEPA of 1969. They are concise, analytical documents prepared with public participation that determine if an EIS is needed for a particular project or action. If an EA determines an EIS is not needed, the EA becomes the document allowing agency compliance with NEPA requirements.

ENVIRONMENTAL IMPACT STATEMENT (EIS). A detailed written statement required by the NEPA when an agency proposes a major federal action significantly affecting the quality of the human environment.

EROSION. The wearing away of the land surface by running water, wind, ice, or other geological agents.

EVAPORATION POND. An industrial containment area designed to allow briny water to evaporate by using solar energy and wind.

FEDERAL LANDS. As used in this document, lands owned by the United States, without reference to how the lands were acquired or what federal agency administers the lands. The term includes mineral estates or coal estates underlying private surface but excludes lands held by the United States in trust for Indians, Aleuts, or Eskimos. See also Public Land.

FEDERAL LAND POLICY AND MANAGEMENT ACT of 1976 (FLPMA). Public Law 94-579. October 21, 1976, often referred to as the BLM's "Organic Act," which provides the majority of the BLM's legislated authority, direction, policy, and basic management guidance.

GOAL. A broad statement of a desired outcome. Goals are usually not quantifiable and may not have established time frames for achievement.

HABITAT. A specific set of physical conditions that surround a species, group of species, or a large community. In wildlife management, the major constituents of habitat are considered to be food, water, cover, and living space.

IMPACTS (OR EFFECTS). Consequences (the scientific and analytical basis for comparison of alternatives) as a result of a proposed action. Effects may be either direct, which are caused by the action and occur at the same time and place, or indirect, which are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable, or cumulative.

INTERDISCIPLINARY TEAM (IDT). A group of individuals with different training, representing the physical sciences, social sciences, and environmental design arts, assembled to solve a problem or perform a task. The members of the team proceed to a solution with frequent interaction so that each discipline may provide insights to any stage of the problem and disciplines may combine to provide new solutions. The number and disciplines of the members preparing the plan vary with circumstances. A member may represent one or more discipline or Bureau program interest.

INTERIOR BOARD OF LAND APPEALS (IBLA). The DOI, Office of Hearings and Appeals board that acts for the Secretary of the Interior in responding to appeals of decisions on the use and disposition of public lands and resources. Because the IBLA acts for and on behalf of the Secretary of the Interior, its decisions usually represent the Department's final decision but are subject to the courts.

LAND USE PLAN. A set of decisions that establish management direction for land within an administrative area, as prescribed under the planning provisions of FLPMA; an assimilation of land-use-plan-level decisions developed through the planning process, regardless of the scale at which the decisions were developed.

LEK. A traditional courtship display area attended by male greater sage-grouse in or adjacent to sagebrush dominated habitat. Designation of the site as a lek requires the observation of two or more male sage-grouse engaged in courtship displays. In addition new leks must be confirmed by a survey conducted during the appropriate time of day and during the strutting season. Observation of sign of strutting activity can also be used to confirm a suspected lek.

MINERAL. Any solid or fluid substance that can be extracted from the earth for profit.

MINERAL ESTATE. The ownership of minerals, including rights necessary for access, exploration, development, mining, ore dressing, and transportation operations.

MITIGATION. A method or process by which impacts from actions may be made less injurious to the environment through appropriate protective measures.

Onsite. To mitigate a disturbance or removal of a resources such as a wetland, where the resource originally occurred.

Offsite. To mitigate a disturbance or removal of a resources such as a wetland, in an area removed from the original site.

MONITORING. A program designed to measure changes in vegetation, watershed health, climate, animal populations and other resources on BLM administered land.

MOUNTAIN PLOVER OCCUPIED HABITAT. An area within mountain plover habitat where broods and/or adults have been found in the current year or documented in at least two of the past five years.

MULTIPLE USE. Coordinated management of various surface and subsurface resources so that they are used in the combination that will best meet present and future needs.

NATIONAL ENVIRONMENTAL POLICY ACT of 1969 (NEPA). NEPA is the basic national law for protection of the environment, passed by Congress in 1969. It sets policy and procedures for environmental protection, and authorizes EISs and EAs to be used as analytical tools to help federal managers make decisions.

NOXIOUS WEEDS. A plant species designated by federal or state law as generally possessing one or more of the following characteristics: aggressive and difficult to manage; parasitic; a carrier or host of serious insects or disease; or nonnative, new, or not common to the United States.

OTHER ACTIVITIES. Seismic activities, maintenance actions exceeding eight hours on existing equipment and facilities, repair or reconditioning of rangeland improvements that exceed eight hours in duration, or any activity that requires more than eight hours on the site.

Maintenance actions related to Other Activities:

- Leasable, Locatable and Saleable Mineral Activities:
 - Work over rig
 - Pipeline repair
 - Reclamation activities
- Range Management
 - Fence repair
 - Stock pond maintenance
 - Pipeline repair
 - Reclamation of habitat

PALEONTOLOGICAL RESOURCES (FOSSILS). The physical remains or traces of plants and animals preserved in soils and sedimentary rock formations.

PLAN. A document that contains a set of comprehensive, long range decisions concerning the use and management of Bureau administered resources in a specific geographic area.

PLANNING AREA. A geographical area for which land use and RMPs are developed and maintained.

PRESCRIPTION. Measurable criteria that define conditions under which a prescribed fire or wildland fire for resource benefit may be used to guide selection of appropriate management responses, and indicate other required actions. Prescription criteria may include safety, economic, public health, environmental, geographic, administrative, social, or legal considerations.

PRODUCED WATER. Groundwater removed to facilitate the extraction of minerals such as oil or gas.

PROPOSED SPECIES. Species that have been officially proposed for listing as T&E by the Secretary of the Interior. A proposed rule has been published in the *Federal Register*.

PUBLIC LAND. As used in this document, federally owned surface or mineral estate specifically administered by BLM.

RAPTOR. Bird of prey with sharp talons and strongly curved beaks such as hawks, owls, vultures, ravens and eagles.

RESOURCE DAMAGE. Damage to any natural or cultural resources that result in impacts such as erosion, water pollution, degradation of vegetation, loss of archaeological resources, or the spread of weeds.

RESOURCE MANAGEMENT PLAN (RMP). A land use plan as prescribed by the FLPMA which establishes, for a given area of land, land-use allocations, coordination guidelines for multiple use, objectives and actions to be achieved.

RIGHT-OF-WAY (ROW). A permit or an grant which authorizes the use of public lands for certain specified purposes, commonly for pipelines, roads, telephone lines, electric lines, reservoirs, etc.; also, the lands covered by such an grant or permit.

RIPARIAN. Wetlands situated on or pertaining to the bank of a river, stream, lake or other body of water. Typically used to refer to the plants that grow rooted in the water table. In common use, this term can be synonymous with wetlands, but typically refers to areas along flowing water (see definition for Lentic and Lotic). (See also Wetland/Riparian)

ROAD. A vehicle route that has either been improved and maintained by mechanical means to ensure relatively regular and continuous use, or been established where vehicle travel has created two parallel tracks lacking vegetation.

SENSITIVE SOILS. Land areas that have a moderate to very high hazard for soil compaction, erosion, or displacement. These soils include but are limited to red soils, saline soils, sandy soils, highly calcareous, and shallow.

SENSITIVE SPECIES. Those species designated by a State Director, usually in cooperation with the state agency responsible for managing the species and State Natural heritage programs. They are those species that: (1) could easily become endangered or extinct in a state; (2) are under status review by the FWS and/or NMFS; (3) are undergoing significant current or predicted downward trends in habitat capability that would reduce a species' existing distribution; (4) are undergoing significant current or predicted downward trends in population or density such that federal listing, proposal, or candidate status may become necessary; (5) typically have small and widely dispersed populations, or (6) inhabit ecological refugia or other specialized or unique habitats.

SPLIT ESTATE. Surface and minerals of a given area in different ownerships. Frequently, the surface will be privately owned and the minerals federally owned.

STIPULATION. A condition or requirement attached to a lease or contract, usually dealing with protection of the environment or recovery of a mineral.

SURFACE-DISTURBING ACTIVITY. Any authorized action that disturbs vegetation and surface soil, increasing erosion potential above normal site conditions. This definition typically applies to mechanized or mechanical disturbance. However, intense or extensive use of hand or motorized hand tools may fall under this definition. Examples of surface-disturbing activities are construction of well pads and roads, pits and reservoirs, pipelines and power lines, mining, and vegetation treatments.

SURFACE OCCUPANCY. Placement or construction on the land surface of semipermanent or permanent facilities requiring continual service or maintenance. Casual use is not included.

THREATENED SPECIES. Any plant or animal species defined under the ESA as likely to become endangered within the foreseeable future throughout all or a significant portion of its range; listings are published in the *Federal Register*.

VISUAL RESOURCE MANAGEMENT (VRM). The system by which BLM classifies and manages scenic values and visual quality of public lands. The system is based on research that has produced ways of assessing aesthetic qualities of the landscape in objective terms. After inventory and evaluation, lands are given relative visual ratings (management classes), which determine the amount of modification allowed for the basic elements of the landscape.

WETLANDS. This term can vary in meaning depending on the methodology used to determine its wetland characteristics. Typically wetlands must have plants associated with anaerobic soil conditions (no oxygen and saturated with water), evidence of modeling (metal deposits) or other hydric soil indicators, and have the hydrology to allow for the location to be fully saturated at or near the soil surface for at least two weeks in a typical year. Wetlands can include standing water at or near the surface (typically not more than 2 meters deep), or saturated banks along flowing water such as riparian areas. (See also Wetlands/Riparian)

WETLANDS/RIPARIAN. Areas exhibiting vegetation or physical characteristics that reflect the influence of surface or subsurface water. These areas include lands adjacent to, or contiguous with, perennially and intermittently flowing rivers, streams, springs and seeps; meadows, playas and the shores of lakes and reservoirs with stable water levels, among others. Excluded are ephemeral streams or washes that lack typical riparian vegetation. These areas can typically be identified by the plant communities that are present (see definitions for Wetland and Riparian Plant Communities).